UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-4174

THE WILLIAMS COMPANIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	73-0569878
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
ONE WILLIAMS CENTER, TULSA, OKLAHOMA	74172
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
918-573-2000

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $1.00 par value Preferred Stock Purchase Rights; and Income PACS	New York Stock Exchange and the Pacific Stock Exchange; and New York Stock Exchange

Securities registered Pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the registrant's voting and non-voting stock held by non-affiliates as of the close of business on February 28, 2002, was approximately $7,972,392,000.

The number of shares of the registrant's common stock held by non-affiliates outstanding at February 28, 2002, was 516,012,427.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement being prepared for the solicitation of proxies in connection with the Annual Meeting of Stockholders of Williams for 2002 are incorporated by reference in Part III.

THE WILLIAMS COMPANIES, INC.

FORM 10-K

PART I

ITEM 1. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS

The Williams Companies, Inc. (Williams) was incorporated under the laws of the State of Nevada in 1949 and was reincorporated under the laws of the State of Delaware in 1987. The principal executive offices of Williams are located at One Williams Center, Tulsa, Oklahoma 74172 (telephone (918) 573-2000).

On October 6, 1999, a former majority-owned subsidiary of Williams, Williams Communications Group, Inc. (WCG), completed an initial public offering by selling shares of its Class A common stock to the public. In separate private placements, SBC Communications Inc., Intel Corporation and Telefonos de Mexico S.A. de C.V. each purchased a portion of WCG's Class A common stock. On February 26, 2001, Williams and WCG entered into an agreement under which Williams contributed an outstanding promissory note from WCG of approximately $975 million and certain other assets to WCG in exchange for 24,265,892 shares of WCG's Class A common stock. Until the spinoff of WCG on April 23, 2001, Williams owned 100 percent of WCG's outstanding Class B common stock, which gave Williams approximately 98 percent of the voting power of WCG and approximately 86 percent of the economic interest in WCG.

On March 30, 2001, Williams announced that its board of directors had approved a tax-free distribution of 398,500,000 WCG Class A shares held by Williams to its shareholders of record on April 9, 2001, in the form of a dividend. Immediately prior to the distribution, 100 percent of the shares of WCG's Class B common stock outstanding was converted into shares of Class A common stock. On April 23, 2001, Williams completed the spinoff of WCG to its shareholders, retaining approximately 4.9 percent of the outstanding Class A common stock of WCG.

Also prior to the spinoff of WCG, Williams provided indirect credit support for $1.4 billion of WCG's Note Trust Notes through a commitment to make available proceeds of a Williams equity issuance in the event any one of the following were to occur: (1) a WCG default; (2) downgrading of Williams' senior unsecured debt by any of its credit rating agencies to below investment grade if Williams' common stock closing price is below $30.22 for ten consecutive trading days while such downgrade is in effect; or (3) to the extent proceeds from WCG's refinancing or remarketing of certain structured notes prior to March 2004 produces proceeds of less than $1.4 billion.

On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminates acceleration of the Notes due to a WCG bankruptcy or a Williams credit rating downgrade. The amendment also affirms Williams' obligations for all payments related to the WCG Note Trust Notes, which are due March 2004, and allows Williams to fund such payments from any available sources. With the exception of the March and September 2002 interest payments, totaling $115 million, WCG remains indirectly obligated to reimburse Williams for any payments Williams is required to make in connection with the WCG Note Trust Notes.

On September 13, 2001, Williams purchased the WCG headquarters building and other ancillary assets from WCG for $276 million. Williams then entered into long-term lease arrangements under which WCG is the sole lessee of these assets.

On August 2, 2001, Williams completed its acquisition of Barrett Resources Corporation of Denver, Colorado, following the approval of Barrett stockholders at a special stockholder meeting held August 2, 2001. In the acquisition a wholly owned subsidiary of Williams acquired all of the outstanding shares of Barrett common stock (including the associated preferred stock purchase rights) through a two-step transaction comprised of a cash tender offer for 16,730,502 of the Barrett shares, or approximately 50 percent of the Barrett shares then outstanding, followed by a second step merger in which Barrett was merged with and into a wholly owned subsidiary of Williams. In the merger, each outstanding share, other than shares held by Williams or its subsidiaries, was converted into the right to receive 1.767 shares of Williams' common stock.

At the time of the merger, Barrett had total proved reserves of 1.9 trillion cubic feet equivalent and equity production of 350 million cubic feet equivalent per day. The Barrett merger established several new core areas in the Rockies with development drilling programs in the Piceance, Raton and Powder River basins. Other projects exist in the Uinta basin, Wind River basin, Mid-continent area and the Gulf of Mexico.

On August 1, 2001, Kern River Gas Transmission Company filed an application with the Federal Energy Regulatory Commission (FERC) to construct and operate an expansion of its pipeline system that will provide an additional 906,626 dekatherms per day of firm transportation capacity to serve primarily power generation demand in southern Nevada and California. The 2003 Expansion Project will include installing 717 miles of pipeline, three new compressor stations, upgrading, replacing or modifying six existing compressor stations, adding a net total of 163,700 horsepower and upgrading five meter stations. Kern River expects the FERC to issue a certificate by May 1, 2002, and plans to start construction by June 2002. The estimated cost of the expansion is $1.26 billion with a targeted in-service date of May 1, 2003. Kern River's customers will pay for the cost of service of this expansion on an incremental basis.

Williams announced on December 19, 2001, its plans to take several steps to strengthen its balance sheet in order to maintain its investment grade credit rating. The steps of this plan include a $1 billion reduction in 2002 estimated capital spending and the sale of certain non-core assets, the expected proceeds of which total $250 million to $750 million. An additional step of the plan included the sale, which was completed on January 14, 2002, of $1.1 billion of publicly traded units, known as the Income PACS or FELINE PACS, that include a senior debt security and an equity purchase contract. On February 4, 2002, Williams announced that it plans to sell its Midwest petroleum products pipeline and on-system terminals, which sale is in addition to, and more than doubles the cash proceeds from, the balance sheet strengthening plan announced on December 19, 2001. A potential buyer of this pipeline system may be Williams Energy Partners L.P., a subsidiary of Williams.

(b) FINANCIAL INFORMATION ABOUT SEGMENTS

See Part II, Item 8 -- Financial Statements and Supplementary Data.

(c) NARRATIVE DESCRIPTION OF BUSINESS

Williams, through Williams Energy Marketing & Trading Company, Williams Gas Pipeline Company, LLC and Williams Energy Services, LLC, and their respective subsidiaries, engages in the following types of energy-related activities:

- price risk management services and the purchase and sale, and arranging of transportation or transmission, of energy and energy-related commodities including natural gas and gas liquids, crude oil and refined products and electricity;

- transportation and storage of natural gas and related activities through the operation and ownership of five wholly owned interstate natural gas pipelines, several pipeline joint ventures and a wholly owned liquefied natural gas terminal;

- exploration, production and marketing of oil and gas through ownership of 3.2 trillion cubic feet equivalent of proved natural gas reserves primarily located in the Rocky Mountain, Mid-Continent and Gulf Coast regions of the United States;

- direct investments in international energy projects located primarily in South America and Lithuania, investments in energy and infrastructure development funds in Asia and South America and soda ash mining operations in Colorado;

- natural gas gathering, treating and processing activities through ownership and operation of approximately 11,200 miles of gathering lines, 10 natural gas treating plants and 18 natural gas processing plants (three of which are partially owned) located in the United States and Canada;

- natural gas liquids transportation through ownership and operation of approximately 14,300 miles of natural gas liquids pipeline (4,770 miles of which are partially owned);

- transportation of petroleum products and related terminal services through ownership or operation of approximately 6,747 miles of petroleum products pipeline and 39 petroleum products terminals;

- light hydrocarbon/olefin transportation through 300 miles of pipeline in Southern Louisiana;

- ethylene production through a 5/12 interest in a 1.3 billion pounds per year facility in Geismar, Louisiana;

- production and marketing of ethanol and bio-products through operation and ownership of two ethanol plants (one of which is partially owned) and ownership of minority interests or investments in four other plants;

- refining of petroleum products through operation and ownership of two refineries;

- retail marketing through 61 travel centers;

- petroleum products terminal services through the ownership and operation of five marine terminals and 25 inland terminals that form a distribution network for gasoline and other refined petroleum products throughout the southeastern United States; and

- ammonia transportation and terminal services through ownership and operation of an ammonia pipeline and terminals system that extends for approximately 1,100 miles from Texas and Oklahoma to Minnesota.

Substantially all operations of Williams are conducted through subsidiaries. Williams performs certain management, legal, financial, tax, consultative, administrative and other services for its subsidiaries and at December 31, 2001, employed approximately 1,500 employees at the corporate level to provide these services. Williams' principal sources of cash are from external financings, dividends and advances from its subsidiaries, investments, payments by subsidiaries for services rendered and interest payments from subsidiaries on cash advances. The amount of dividends available to Williams from subsidiaries largely depends upon each subsidiary's earnings and operating capital requirements. The terms of certain subsidiaries' borrowing arrangements limit the transfer of funds to Williams.

To achieve organizational and operating efficiencies, Williams' energy marketing and trading activities are primarily grouped together under its wholly owned subsidiary, Williams Energy Marketing & Trading Company, its interstate natural gas pipelines and pipeline joint venture investments are grouped together under its wholly owned subsidiary, Williams Gas Pipeline Company, LLC and the other energy operations are primarily grouped together under its wholly owned subsidiary, Williams Energy Services, LLC. Item 1 of this report is formatted to reflect this structure.

WILLIAMS ENERGY MARKETING & TRADING

Williams Energy Marketing & Trading Company, and its subsidiaries, is a national energy services provider that buys, sells and transports a full suite of energy and energy-related commodities, including power, natural gas, refined products, natural gas liquids, crude oil, propane, liquefied natural gas, liquefied petroleum gas and emission credits, primarily on a wholesale level, serving over 652 customers. In addition, Energy Marketing & Trading provides and procures risk management and other energy-related services through a variety of financial instruments and structured transactions including exchange-traded futures, as well as over-the-counter forwards, options, swap, tolling, load serving and full requirements agreements and other derivatives related to various energy and energy-related commodities. See Note 18 of Notes to Consolidated financial statements for information on financial instruments and energy trading activities. At December 31, 2001, Energy Marketing & Trading employed approximately 1,000 employees.

During 2001, Energy Marketing & Trading marketed over 293,808 physical gigawatt hours of power. As part of its approximately 15,000 megawatt power supply portfolio, Energy Marketing & Trading has a mix of owned generation, tolling agreements and supply resources through full requirements transactions in support of its load obligations. Energy Marketing & Trading has entered into a number of long-term agreements at December 31, 2001, to market capacity of electric generation facilities (either existing or to be constructed at various locations throughout the United States) totaling approximately 7,600 megawatts (Alabama -- 846 megawatts; California -- 3,954 megawatts; Louisiana -- 750 megawatts; New Jersey -- 832 megawatts; Pennsylvania -- 700 megawatts; Michigan -- 550 megawatts). Energy Marketing & Trading also has an additional approximately 2,700 megawatts in planned tolling projects to be sited at various locations within the

United States. A portion of this supply, for which has been contracted, is in the construction and development stages. On certain contracts, the counterparties have not started construction and are currently negotiating development and environmental permits. Under these tolling arrangements, Energy Marketing & Trading supplies fuel for conversion to electricity and markets capacity, energy and ancillary services related to the generating facilities owned and operated by various counterparties. Approximately 5,400 megawatts of electric generation capacity available through these tolling arrangements located in California, Louisiana and Pennsylvania are operational, with the balance expected to come online by year-end 2002. Energy Marketing & Trading also has entered into several agreements to provide full requirements services for a number of customers whose supply resources are being managed with approximately 2,600 megawatts of load in the United States, including transactions in Indiana, Pennsylvania and Georgia. Additionally, Energy Marketing & Trading has marketing rights for the energy and capacity from three natural gas-fired electric generating plants owned by affiliated companies and located near Bloomfield, New Mexico (60 megawatts); in Hazleton, Pennsylvania (63 megawatts to be expanded to 162 in 2002); and near Worthington, Indiana (170 megawatts). Energy Marketing & Trading's primary power customers include utilities, municipalities, cooperatives, governmental agencies and other power marketers.

Energy Marketing & Trading markets natural gas throughout North America with total physical volumes averaging 3.4 billion cubic feet per day in 2001. Beginning in 2000, Energy Marketing & Trading's natural gas marketing operations focused on activities that facilitate and/or complement the group's power portfolio. Energy Marketing & Trading's natural gas customers include local distribution companies, utilities, producers, industrials and other gas marketers.

In 2001, Energy Marketing & Trading provided supply, distribution and related risk management services to petroleum producers, refiners and end-users in the United States and various international regions. During 2001, Energy Marketing & Trading's total physical crude oil and petroleum products marketed exceeded 240,600 barrels per day. During 2001, Energy Marketing & Trading also marketed natural gas liquids with total physical volumes averaging 287,200 barrels per day.

Operating Statistics

The following table summarizes marketing and trading volumes for the periods indicated (natural gas volumes for 1999 include sales by the retail gas and electric business, which has now been divested):

	2001	2000	1999
Marketing and trading physical volumes:			
Power (thousand megawatt hours)......................	293,808	141,311	89,810
Natural gas (billion cubic feet per day).............	3.4	3.3	3.6
Refined products, natural gas liquids and crude oil (thousand barrels per day).........................	528	1,009	765

REGULATORY MATTERS

Energy Marketing & Trading's business is subject to a variety of laws and regulations at the local, state and federal levels. At the federal level, important regulatory agencies include the Federal Energy Regulatory Commission (regarding energy commodity transportation and wholesale trading) and the Commodity Futures Trading Commission (regarding various over-the-counter derivative transactions and exemptions and exclusions from the Commodity Exchange Act). Electricity markets, particularly in California, continue to be subject to numerous and wide-ranging regulatory proceedings and investigations, regarding among other things, market structure, behavior of market participants and market prices. Energy Marketing & Trading may be liable for partial refunds as a part of these regulatory actions. Energy Marketing & Trading is also the subject of related state and federal investigations and Civil actions. Each of these matters is discussed in more detail in Note 19 of the Notes to Consolidated Financial Statements.

Management believes that Energy Marketing & Trading's activities are conducted in substantial compliance with the marketing affiliate rules of FERC Order 497. Order 497 imposes certain nondiscrimina-

tion, disclosure and separation requirements upon interstate natural gas pipelines with respect to their natural gas trading affiliates. Energy Marketing & Trading has taken steps to ensure it does not share employees or officers with affiliated interstate natural gas pipelines and does not receive information from affiliated interstate natural gas pipelines that is not also available to unaffiliated natural gas trading companies.

COMPETITION

Energy Marketing & Trading's operations directly compete with large independent energy marketers, marketing affiliates of regulated pipelines and utilities and natural gas producers. The financial trading business competes with other energy-based companies offering similar services as well as certain brokerage houses. This level of competition contributes to a business environment of constant pricing and margin pressure.

OWNERSHIP OF PROPERTY

The primary assets of Energy Marketing & Trading are its term contracts, employees, related systems and technological support. In addition, through subsidiaries, Energy Marketing & Trading owns an approximately 170 megawatt gas-fired generating facility located near Worthington, Indiana.

ENVIRONMENTAL

Electricity generation facilities that are subject to tolling or other agreements are subject to various environmental laws and regulations, including laws and regulations regarding emissions. Facility availability may be affected by these laws and regulations.

WILLIAMS GAS PIPELINE

Williams' interstate natural gas pipeline group, comprised of Williams Gas Pipeline Company, LLC and its subsidiaries (WGP), owns and operates a combined total of approximately 27,500 miles of pipelines with a total annual throughput of approximately 3,800 trillion British Thermal Units of natural gas and peak-day delivery capacity of approximately 17 billion cubic feet of gas. WGP consists of Transcontinental Gas Pipe Line Corporation (Transco), Northwest Pipeline Corporation (Northwest Pipeline), Kern River Gas Transmission Company (Kern River), Texas Gas Transmission Corporation (Texas Gas) and Williams Gas Pipelines Central, Inc. (Central). WGP also holds interests in joint venture interstate and intrastate natural gas pipeline systems.

WGP has combined certain administrative functions, such as information services, technical services and finance, of its operating companies in an effort to lower costs and increase efficiency. Although a single management team manages both Northwest Pipeline and Kern River and a single management team manages both Texas Gas and Central, each of these operating companies operates as a separate legal entity. At December 31, 2001, WGP employed approximately 3,400 employees.

WGP's transmission and storage activities are subject to regulation by the FERC under the Natural Gas Act of 1938 and under the Natural Gas Policy Act of 1978, and, as such, their rates and charges for the transportation of natural gas in interstate commerce, the extension, enlargement or abandonment of jurisdictional facilities and accounting, among other things, are subject to regulation. Each gas pipeline company holds certificates of public convenience and necessity issued by the FERC authorizing ownership and operation of all pipelines, facilities and properties considered jurisdictional for which certificates are required under the Natural Gas Act of 1938. Each gas pipeline company is also subject to the Natural Gas Pipeline Safety Act of 1968, as amended by Title I of the Pipeline Safety Act of 1979, which regulates safety requirements in the design, construction, operation and maintenance of interstate natural gas pipelines.

As a result of Williams' merger with MAPCO Inc. in 1998, Williams acquired an approximate 4.8 percent investment interest in Alliance Pipeline. On December 31, 1999, Williams acquired an additional 9.8 percent interest in Alliance Pipeline. Alliance Pipeline consists of two segments, a Canadian segment and a United States segment. Alliance Pipeline operates an approximate 1,800-mile natural gas pipeline system

extending from northeast British Columbia to the Chicago, Illinois area market center, where it interconnects with the North American pipeline grid. On September 17, 1998, the FERC granted a certificate of public convenience and necessity for the United States portion of the Alliance Pipeline system, and on December 3, 1998, the National Energy Board (NEB) of Canada granted a certificate of public convenience and necessity for the Canadian portion. Construction began in the spring of 1999 and the pipeline was placed in service on December 1, 2000. Total cost of the Alliance pipeline system was in excess of $3 billion. At December 31, 2001, Williams' investment in Alliance Pipeline was approximately $185 million.

In February 2001, subsidiaries of Duke Energy and Williams completed their joint acquisition of The Coastal Corporation's 100 percent ownership interest in Gulfstream Natural Gas System, L.L.C., and announced that they are proceeding with the development of the Gulfstream project in lieu of their jointly owned Buccaneer Gas Pipeline Company, L.L.C. gas pipeline project. The Gulfstream project will consist of a new natural gas pipeline system extending from the Mobile Bay area in Alabama to markets in Florida. On February 22, 2001, the FERC issued an order authorizing the construction and operation of the Gulfstream project, and in June 2001 construction commenced on the project. On December 28, 2001, Gulfstream filed an application with the FERC to allow Gulfstream to phase the construction of the approved facilities such that a portion of the project will be placed into service on June 1, 2002 and the remainder on or about June 1, 2003. The estimated capital cost of the project is approximately $1.6 billion, of which Williams' portion is approximately $800 million.

In June 2000, two wholly owned subsidiaries of WGP purchased 100 percent of the partnership interests in Cove Point LNG Limited Partnership (Cove Point). The Cove Point liquefied natural gas (LNG) facility is located in Calvert County, Maryland, and is currently utilized to provide firm peaking services and firm and interruptible transportation services. On January 30, 2001, Cove Point filed an application with the FERC to construct certain new facilities and to reactivate and operate existing facilities and to provide LNG tanker discharging services on a firm and interruptible basis to shippers importing LNG. On October 12, 2001, the FERC issued an order granting Cove Point the authorization to reactivate its existing LNG terminal, to expand the facility, and to construct a fifth storage tank as proposed. Cove Point accepted the certificate on October 18, 2001. On December 19, 2001, the FERC issued an order affirming its October 12 decision. Cove Point proposes to reactivate the LNG import and terminal facilities by the fall of 2002 and to construct and place in service the new LNG storage tank by early 2004. The total estimated cost of the project is approximately $142 million. Cove Point and three shippers have executed 20-year agreements for 100 percent of the 750,000 dekatherms per day of firm LNG discharging services that will be created by the proposed reactivation project.

On April 24, 2001, Georgia Strait Crossing Pipeline LP, a joint venture of WGP and BC Hydro, filed applications with the FERC and the NEB to construct and operate a new pipeline that will provide 95,700 dekatherms per day of firm transportation capacity from Sumas, Washington to Vancouver Island, British Columbia. The Georgia Strait project will include installing 85 miles of pipeline, a 10,302 horse power compression station and two meter stations. Georgia Strait Crossing Pipeline anticipates the FERC to issue a certificate approving the project by July 2002 and the NEB to issue a certificate approving the project by February 2003. Construction is expected to begin in the fall of 2003. The estimated cost of the total Georgia Strait project is approximately $166 million, with WGP's share being 50 percent of such amount. The targeted in-service date is November 2004.

On June 29, 2001, Western Frontier Pipeline Company, LLC, a wholly owned subsidiary of WGP, completed a binding open season for parties interested in subscribing for firm natural gas transportation service on its proposed expansion project. On October 24, 2001, Western Frontier filed an application with the FERC to construct and operate the Western Frontier Pipeline, which will consist of a 400-mile, 30-inch diameter pipeline and 30,000 horsepower of compression designed to transport up to 540,000 dekatherms of natural gas per day from the Cheyenne Hub in northeastern Colorado to Williams' Central pipeline in southwest Kansas and the Oklahoma panhandle. The open season resulted in precedent agreements for 365,000 dekatherms per day of firm transportation service. The project's target in-service date has been delayed one year to November 1, 2004, and work is being done with prospective shippers to further define the market for and scope of this project. The estimated cost of the project is approximately $365 million.

Segment revenues and segment profit for WGP are reported in Note 22 of Notes to Consolidated Financial Statements herein.

A business description of the principal companies in the interstate natural gas pipeline group follows.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

Transco is an interstate natural gas transportation company that owns and operates a 10,400-mile natural gas pipeline system extending from Texas, Louisiana, Mississippi and the offshore Gulf of Mexico through Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Pennsylvania and New Jersey to the New York City metropolitan area. The system serves customers in Texas and eleven southeast and Atlantic seaboard states, including major metropolitan areas in Georgia, North Carolina, New York, New Jersey and Pennsylvania. Effective May 1, 1995, Transco transferred the operation of certain production area facilities to Williams Field Services Group, Inc., an affiliated company.

Pipeline System and Customers

At December 31, 2001, Transco's system had a mainline delivery capacity of approximately 4.0 billion cubic feet of natural gas per day from its production areas to its primary markets. Using its Leidy Line and market-area storage capacity, Transco can deliver an additional 3.0 billion cubic feet of natural gas per day for a system-wide delivery capacity total of approximately 7.0 billion cubic feet of natural gas per day. Excluding the production area facilities operated by Williams Field Services Group, Inc., an affiliate, Transco's system is composed of approximately 7,200 miles of mainline and branch transmission pipelines, 44 transmission compressor stations and six storage locations. Transmission compression facilities at a sea level-rated capacity total approximately 1.4 million horsepower.

Transco's major natural gas transportation customers are public utilities and municipalities that provide service to residential, commercial, industrial and electric generation end users. Shippers on Transco's system include public utilities, municipalities, intrastate pipelines, direct industrial users, electrical generators, gas marketers and producers. One customer accounted for approximately 11.5 percent of Transco's transportation and storage revenues in 2001. No other customer accounted for more than ten percent of Transco's total revenues in 2001. Transco's firm transportation agreements are generally long-term agreements with various expiration dates and account for the major portion of Transco's business. Additionally, Transco offers interruptible transportation and storage services under short-term agreements.

Transco has natural gas storage capacity in five underground storage fields located on or near its pipeline system and/or market areas and operates three of these storage fields. Transco also has storage capacity in a liquefied natural gas (LNG) storage facility and operates the facility. The total top gas storage capacity available to Transco and its customers in such storage fields and LNG facility and through storage service contracts is approximately 216 billion cubic feet of gas. In addition, wholly owned subsidiaries of Transco operate and hold a 35 percent ownership interest in Pine Needle LNG Company, a LNG storage facility with 4 billion cubic feet of storage capacity. Storage capacity permits Transco's customers to inject gas into storage during the summer and off-peak periods for delivery during peak winter demand periods.

Expansion Projects

On May 13, 1998, Transco filed an application with the FERC for approval to construct and operate mainline and Leidy Line facilities (MarketLink) to create an additional 676 million cubic feet per day of firm transportation capacity to serve increased demand in the mid-Atlantic and south Atlantic regions of the United States by a targeted in-service date of November 1, 2000, at an estimated cost of $529 million. On December 17, 1999, the FERC issued an interim order giving Transco conditional approval for MarketLink. Transco filed for rehearing of the interim order and, on April 26, 2000, the FERC issued an order on rehearing that authorized Transco to proceed with the MarketLink project subject to certain conditions. On May 23, 2000, Transco filed a letter with the FERC accepting the MarketLink certificate. On September 20, 2000, Transco filed an application to amend the certificate of public convenience and necessity issued in this proceeding to enable Transco to (a) phase the construction of the MarketLink project to satisfy phased in-

service dates requested by the project shippers, and (b) redesign the recourse rate based on the phased construction of the project. On December 13, 2000, the FERC issued an order permitting Transco to construct the MarketLink project in phases as proposed. Phase 1 of the project, which provides approximately 160 million cubic feet per day of additional firm transportation service, was placed into service in December 2001. Phase 2 of the project will consist of 126 million cubic feet per day of additional firm service with an expected in-service date of November 1, 2002. The FERC's December 13, 2000, order required Transco to file executed contracts fully subscribing the remaining capacity of the project (approximately 390 million cubic feet per day) by April 13, 2001. Transco accepted the amended certificate on December 21, 2000. Certain parties filed with the FERC requests for rehearing of the December 13, 2000 order, and on February 12, 2001, the FERC denied the requests. On April 3, 2001, Transco filed a motion requesting that the FERC clarify that Transco could construct Phase 3 of the MarketLink project that consisted of less than all of the remaining certificated MarketLink facilities after the construction of Phases 1 and 2, and that Transco could file by May 1 a report identifying the certificated facilities to be constructed in Phase 3 and a revised project recourse rate. On April 13, 2001, Transco filed firm service agreements with 5 shippers for 205 million cubic feet per day of capacity as required by the December 13, 2000 order approving the phasing of the project. On April 26, 2001, the FERC issued an order denying Transco's pending motion for clarification and stating that Phase 3 of the MarketLink project must consist of all the remaining certificated facilities. The order stated that as of April 13, 2001 the certificate authority to construct additional MarketLink capacity in excess of the 286 million cubic feet per day to be constructed as Phases 1 and 2 expired, but that Transco could file a new application to serve the contracts filed on April 13, 2001. On June 19, 2001, Transco submitted an application for the Leidy East project discussed below, which incorporates a portion of the Phase 3 markets and facilities.

Transco filed an application with the FERC on June 19, 2001, to construct and operate the Leidy East project, which will provide an additional 126 million cubic feet per day of firm natural gas transportation service from Leidy, Pennsylvania to the northeastern United States. Project facilities include approximately 31 miles of pipeline looping and 3,400 horsepower of uprated compression. On October 24, 2001, the FERC issued an order approving the project. Construction is scheduled to begin in March 2002. The proposed in-service date for the project is November 1, 2002. The capital cost of the project is approximately $98 million.

In March 1997, as amended in December 1997, Independence Pipeline Company filed an application with the FERC for approval to construct and operate a new pipeline consisting of approximately 400 miles of 36-inch pipe from ANR Pipeline Company's (ANR) existing compressor station at Defiance, Ohio to Transco's facilities at Leidy, Pennsylvania. The Independence Pipeline project is proposed to provide approximately 916 million cubic feet per day of firm transportation capacity by an anticipated in-service date of November 2002. Independence is owned equally by wholly-owned subsidiaries of Transco, ANR and National Fuel Gas Company. The estimated cost of the project is $678 million, and Transco's equity contributions are estimated to be approximately $68 million based on its expected one-third ownership interest in the project. On December 17, 1999, the FERC gave conditional approval for the Independence Pipeline project, subject to Independence filing long-term, executed contracts with nonaffiliated shippers for at least 35 percent of the capacity of the project. Independence Pipeline filed for rehearing of the interim order. On April 26, 2000, the FERC issued an order denying rehearing and requiring that Independence Pipeline submit by June 26, 2000, agreements with nonaffiliated shippers for at least 35 percent of the capacity of the project. Independence Pipeline met this requirement, and on July 12, 2000, the FERC issued an order granting the necessary certificate authorizations on August 11, 2000 for the Independence Pipeline project. On September 28, 2000, the FERC issued an order denying all requests for rehearing and requests for reconsideration of the Independence certificate order filed by various parties. On November 1, 2001, Independence filed a letter with the FERC requesting an extension of the in service date for the project to November 2004 and an extension of time until November 2003 to submit the final environmental Implementation Plan required by the FERC's order approving the project.

On April 3, 2000, Transco filed an application with the FERC for its Sundance Expansion project, which will create approximately 228 million cubic feet per day of additional firm transportation capacity from Transco's Station 65 in Louisiana to delivery points in Georgia, South Carolina and North Carolina. On March 29, 2001, the FERC issued an order authorizing Transco to construct and operate the project and

Transco accepted the order on April 6, 2001. Approximately 38 miles of new pipeline loop along the existing mainline system is being installed along with approximately 33,000 horsepower of new compression and modifications to existing compressor stations in Georgia, South Carolina and North Carolina. The project has a target in-service date of May 2002 and an estimated cost of approximately $134 million.

On September 25, 2001, Transco filed with the FERC an amendment to its certificate application for its Momentum Expansion project to redesign and downsize the project to reflect the termination of two shippers from the project and certain additional capacity subscribed by two other shippers. As amended, the project is proposed to create approximately 347 million cubic feet per day of additional firm transportation capacity on Transco's pipeline system from Station 65 in Louisiana to Station 165 in Virginia. The revised project facilities include approximately 64 miles of pipeline looping and 45,000 horsepower of compression. The revised capital cost of the project is estimated to be approximately $197 million. On February 14, 2002, the FERC issued an order authorizing Transco to construct and operate the project. The project has a targeted in-service date of May 1, 2003.

Transco held an open season in February 2001 for an expansion of the Trenton-Woodbury line, which runs from Transco's mainline at Station 200 in eastern Pennsylvania, around the metropolitan Philadelphia area and southern New Jersey area, to Transco's mainline near Station 205. As a result of the open season, precedent agreements are being negotiated for a total of 49 million cubic feet per day of incremental firm transportation capacity. Transco plans to file for FERC approval of the project in the first quarter of 2002. The target in-service date for the project is November 1, 2003. The project will require approximately 6 miles of looping at a capital cost of approximately $20 million.

Transco completed an open season on July 18, 2001, for the Cornerstone Expansion project, an expansion of Transco's mainline system from Station 65 in Louisiana to Station 165 in Virginia. The project has a target in-service date May 1, 2004. Transco plans to begin the process for seeking FERC approval in the second quarter of 2002. The capital cost of the project will depend on the level of firm market commitment received.

Transco completed an open season on September 7, 2001, for the South Virginia Line Expansion project, a proposed expansion on Transco's pipeline system from Station 165 in Virginia to Hertford County, North Carolina. The project has a target in-service date of May 1, 2005. The capital cost of the project will depend on the level of firm market commitment received.

On July 21, 2000, Cross Bay Pipeline Company, L.L.C. (Cross Bay), a limited liability company formed between subsidiaries of Transco, Duke Energy and KeySpan Energy, filed an application with the FERC for approval of a gas pipeline project which would increase natural gas deliveries into the New York City metropolitan area by replacing and uprating pipeline facilities and installing compression to expand the capacity of Transco's existing Lower New York Bay Extension by approximately 121 million cubic feet per day. On November 8, 2001, the FERC issued an order authorizing the Cross Bay project, subject to certain conditions. On December 5, 2001, the Cross Bay owners elected not to accept the certificate issued by the FERC and decided not to proceed with the Cross Bay project, which resulted in the dissolution of Cross Bay. A wholly owned subsidiary of Transco had a 37.5 percent ownership interest in Cross Bay. Transco's investment in this project was not significant.

On December 1, 2001, Transco transferred certain of its offshore Texas facilities, which assets are not regulated by the FERC, to subsidiaries of Williams Field Services Group, Inc. pursuant to orders granted by the FERC in Docket Nos. CP01-32 and CP01-34. The facilities had a net book value of approximately $3 million.

Operating Statistics

The following table summarizes transportation data for the periods indicated (in trillion British Thermal Units):

	2001	2000	1999
Market-area deliveries:			
Long-haul transportation	766	787	820
Market-area transportation	645	710	623
Total market-area deliveries	1,411	1,497	1,433
Production-area transportation	202	262	222
Total system deliveries	1,613	1,759	1,665
Average Daily Transportation Volumes	4.4	4.8	4.6
Average Daily Firm Reserved Capacity	6.2	6.3	6.3

Transco's facilities are divided into eight rate zones. Five are located in the production area, and three are located in the market area. Long-haul transportation involves gas that Transco receives in one of the production-area zones and delivers in a market-area zone. Market-area transportation involves gas that Transco both receives and delivers within the market-area zones. Production-area transportation involves gas that Transco both receives and delivers within the production-area zones.

NORTHWEST PIPELINE CORPORATION

Northwest Pipeline is an interstate natural gas transportation company that owns and operates a natural gas pipeline system extending from the San Juan Basin in northwestern New Mexico and southwestern Colorado through Colorado, Utah, Wyoming, Idaho, Oregon and Washington to a point on the Canadian border near Sumas, Washington. Northwest Pipeline provides services for markets in California, New Mexico, Colorado, Utah, Nevada, Wyoming, Idaho, Oregon and Washington directly or indirectly through interconnections with other pipelines.

Pipeline System and Customers

At December 31, 2001, Northwest Pipeline's system, having a mainline delivery capacity of approximately 2.9 billion cubic feet of natural gas per day, was composed of approximately 4,100 miles of mainline and branch transmission pipelines and 43 compressor stations having sea level-rated capacity of approximately 343,000 horsepower.

In 2001, Northwest Pipeline transported natural gas for a total of 148 customers. Transportation customers include distribution companies, municipalities, interstate and intrastate pipelines, gas marketers and direct industrial users. The two largest customers of Northwest Pipeline in 2001 accounted for approximately 15.4 percent and 13.7 percent, respectively, of its total operating revenues. No other customer accounted for more than ten percent of total operating revenues in 2001. Northwest Pipeline's firm transportation agreements are generally long-term agreements with various expiration dates and account for the major portion of Northwest Pipeline's business. Additionally, Northwest Pipeline offers interruptible and short-term firm transportation service.

As a part of its transportation services, Northwest Pipeline utilizes underground storage facilities in Utah and Washington enabling it to balance daily receipts and deliveries. Northwest Pipeline also owns and operates a liquefied natural gas storage facility in Washington that provides a needle-peaking service for its system. These storage facilities have an aggregate delivery capacity of approximately 1.3 billion cubic feet of gas per day.

Expansion Projects

On August 29, 2001, Northwest Pipeline filed an application with the FERC to construct and operate an expansion of its pipeline system that will provide an additional 175,000 dekatherms per day of capacity to its transmission system in Wyoming and Idaho in order to reduce reliance on displacement capacity. The Rockies Expansion Project will include installing 91 miles of pipeline loop, upgrades or modifications to five compressor stations for a total increase of 24,924 horsepower. Northwest reached a settlement agreement with the majority of its firm shippers to support roll-in of the expansion costs into its existing rates. Northwest expects the FERC to issue a certificate by September 2002. Northwest plans to start construction by April 2003. The estimated cost of the expansion project is approximately $154 million and the targeted completion date is October 31, 2003.

On October 3, 2001, Northwest Pipeline filed an application with the FERC to construct and operate an expansion of its pipeline system that will provide 276 million cubic feet per day of firm transportation capacity to serve new power generation demand in western Washington. The Evergreen Expansion Project will include installing 28 miles of pipeline loop, upgrading, replacing or modifying five compressor stations and adding a net total of 67,000 horsepower of compression. Northwest expects the FERC to issue a certificate by July 2002 and plans to start construction by August 2002. The estimated cost of the expansion project is approximately $197 million with a targeted in-service date of June 2003. The customers will pay for the cost of service of this expansion on an incremental basis.

On October 3, 2001, Northwest Pipeline filed an application with the FERC to construct and operate an expansion of its pipeline system that will provide an additional 57,000 dekatherms per day of capacity to its transmission system from Stanfield, Oregon to Washougal, Washington. The Columbia Gorge Project will include upgrading, replacing or modifying five existing compressor stations, adding a net total of 24,430 horsepower of compression. The Columbia Gorge Project was filed as part of the Evergreen Expansion Project to reduce reliance on displacement capacity. Northwest reached a settlement with the majority of its firm shippers to support roll-in of 88 percent of the expansion costs with the remainder to be allocated to the Evergreen Project. Northwest expects the FERC to issue a certificate by July 2002 and plans to start construction by April 2003. The estimated cost of the expansion project is approximately $43 million with a targeted in-service date of October 31, 2003.

On May 11, 2001, Northwest Pipeline filed an application with the FERC to construct and operate a lateral pipeline that will provide 161,500 dekatherms per day of firm transportation capacity to serve a new power generation plant. The Grays Harbor Lateral project will include installing 49 miles of 20-inch pipeline, adding 4,700 horsepower at an existing compressor station, and a new meter station. Northwest expects the FERC to issue a certificate by April 15, 2002 and plans to start construction by June 2002. The estimated cost of the lateral project is approximately $75 million with a targeted in-service date of November 2002. The customer will pay for the cost of service of the lateral on an incremental rate basis.

Operating Statistics

The following table summarizes transportation data for the periods indicated (in trillion British Thermal Units):

	2001	2000	1999
Transportation Volumes	734	752	708
Average Daily Transportation Volumes	2.0	2.1	1.9
Average Daily Firm Reserved Capacity	2.7	2.7	2.5

KERN RIVER GAS TRANSMISSION COMPANY

Kern River is an interstate natural gas transportation company that owns and operates a natural gas pipeline system extending from Wyoming through Utah and Nevada to California. Gas transported on the Kern River pipeline is used in enhanced oil recovery operations in the heavy oil fields in California. Gas is also transported to other natural gas consumers in Utah, southern Nevada and southern California for use in the

production of electricity, cogeneration of electricity and steam and other applications. The system commenced operations in February 1992.

Pipeline System and Customers

At December 31, 2001, Kern River's system was composed of approximately 926 miles of mainline and branch transmission pipelines and five compressor stations having a mainline designed delivery capacity of approximately 835 million cubic feet of natural gas per day. The pipeline system interconnects with the pipeline facilities of another pipeline company at Daggett, California. From the point of interconnection, Kern River and the other pipeline company have a common 219-mile pipeline, which is owned as tenants in common and is designed to accommodate the combined throughput of both systems. This common facility has a designed delivery capacity of 1.235 billion cubic feet of natural gas per day. Kern River currently has a design capacity of 835 million cubic feet of natural gas per day while the other pipeline has a design capacity of 400 million cubic feet of natural gas per day.

In 2001, Kern River transported natural gas for customers in California, Nevada and Utah. Kern River transported natural gas for use in enhanced oil recovery operations in the heavy oil fields in California and transported to other natural gas consumers in Utah, southern Nevada and southern California for use in the production of electricity, cogeneration of electricity and steam and other applications. At December 31, 2001, Kern River had a total of 29 customers. The three largest customers of Kern River in 2001 accounted for approximately 20.4 percent, 13.3 percent and 11.4 percent, respectively, of its total operating revenues. No other customer accounted for more than ten percent of total operating revenues in 2001. Kern River transports natural gas for customers under firm long-term transportation agreements totaling approximately 835 million cubic feet of natural gas per day and under various interruptible, short-term firm and seasonal firm transportation agreements.

Expansion Projects

On April 6, 2001, Kern River received a FERC certificate to construct and operate an expansion of its pipeline, known as the California Action Project, to provide an additional 114,000 dekatherms per day of limited term transportation capacity from July 1, 2001, through April 30, 2002, and an additional 21,000 dekatherms per day of limited term transportation from July 1, 2001, through April 30, 2003. Temporary facilities will be removed and the permanent facilities will be used as part of the facilities needed to satisfy the 124,500 dekatherms per day of firm transportation contracts initially signed as a part of the Kern River 2002 Expansion Project. The cost of the expansion project was $81.3 million and was placed in service on July 1, 2001. The customers will pay for the cost of service of this expansion on an incremental rate basis.

On July 26, 2001, Kern River received a FERC certificate to construct and operate an expansion of its pipeline, known as the Kern River Amended 2002 Expansion Project, to provide an additional 10,500 dekatherms per day of long-term firm transportation capacity from Wyoming to markets in California. Kern River started construction on October 9, 2001. The project will make permanent the California Action Project facilities which includes the construction of three new compressor stations. An additional compressor at an existing facility in Wyoming will be installed as well as restaging a compressor in Utah and upgrading two-meter stations. The estimated cost of the project excluding the permanent California Action Project facilities is $31.5 million with a targeted in-service date of May 1, 2002. The customers will pay for the cost of the service of this expansion on a rolled-in basis.

On July 18, 2001, Kern River filed an application with the FERC to construct and operate a lateral pipeline that will provide 282,000 dekatherms per day of firm transportation capacity to serve a new power generation plant. The High Desert Lateral will include installing 32 miles of 24-inch pipeline and two meter stations. Kern River expects the FERC to issue a certificate by May 1, 2002, and plans to start construction by June 2002. The estimated cost of the lateral project is approximately $29 million with a targeted in-service date of September 2002. The customer will pay for the cost of the service of the lateral line on an incremental rate basis.

On August 1, 2001, Kern River filed an application with the FERC to construct and operate an expansion of its pipeline system that will serve an additional 902,626 dekatherms per day of firm transportation capacity to serve primarily power generation demand in southern Nevada and California. The 2003 Expansion Project will include installing 717 miles of loop pipeline, three new compressor stations, upgrading, replacing or modifying six existing compressor stations, adding a net total of 163,700 horsepower and upgrading five-meter stations. Kern River expects the FERC to issue a certificate by May 1, 2002, and plans to start construction by June 2002. The estimated cost of the expansion is $1.27 billion with a targeted in-service date of May 1, 2003. The customers will pay for the cost of service of this expansion on an incremental basis.

Operating Statistics

The following table summarizes transportation data for the periods indicated (in trillion British Thermal Units):

	2001	2000	1999
Transportation Volumes	348	312	303
Average Daily Transportation Volumes	1.0	.9	.8
Average Daily Firm Reserved Capacity	.8	.8	.7

TEXAS GAS TRANSMISSION CORPORATION

Texas Gas is an interstate natural gas transportation company that owns and operates a natural gas pipeline system extending from the Louisiana Gulf Coast area and eastern Texas and running generally north and east through Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Indiana and into Ohio, with smaller diameter lines extending into Illinois. Texas Gas' direct market area encompasses eight states in the South and Midwest, and includes the Memphis, Tennessee; Louisville, Kentucky; Cincinnati and Dayton, Ohio; and Indianapolis, Indiana metropolitan areas. Texas Gas also has indirect market access to the Northeast through interconnections with unaffiliated pipelines.

Pipeline System and Customers

At December 31, 2001, Texas Gas' system, having a mainline delivery capacity of approximately 2.8 billion cubic feet of natural gas per day, was composed of approximately 5,900 miles of mainline, storage and branch transmission pipelines and 31 compressor stations having a sea level-rated capacity totaling approximately 556,000 horsepower.

In 2001, Texas Gas transported natural gas to customers in Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Indiana, Illinois and Ohio, and indirectly to customers in the Northeast. Texas Gas transported gas for 105 distribution companies and municipalities for resale to residential, commercial and industrial end users. Texas Gas provided transportation services to approximately 15 industrial customers located along its system. At December 31, 2001, Texas Gas had transportation contracts with approximately 560 shippers. Transportation shippers include distribution companies, municipalities, intrastate pipelines, direct industrial users, electrical generators, gas marketers and producers. The largest customer of Texas Gas in 2001 accounted for approximately 13.9 percent of its total operating revenues. No other customer accounted for more than ten percent of total operating revenues in 2001. Texas Gas' firm transportation and storage agreements are generally long-term agreements with various expiration dates and account for the major portion of Texas Gas's business. Additionally, Texas Gas offers interruptible transportation, short-term firm transportation and storage services under agreements that are generally shorter term.

Texas Gas owns and operates gas storage reservoirs in nine underground storage fields located on or near its system or market areas. The storage capacity of Texas Gas' certificated storage fields is approximately 178 billion cubic feet of natural gas. Texas Gas' storage gas is used in part to meet operational balancing needs on its system, to meet the requirements of Texas Gas' firm and interruptible storage customers and to meet the requirements of Texas Gas' No-Notice transportation service, which allows Texas Gas' customers to temporarily draw from Texas Gas' storage gas to be repaid in-kind during the following summer season. A

small amount of storage gas is also used to provide Summer No-Notice (SNS) transportation service, designed primarily to meet the needs of summer-season electrical power generation facilities. SNS customers may temporarily draw from Texas Gas' storage gas in the summer, to be repaid during the same summer season. A large portion of the natural gas delivered by Texas Gas to its market area is used for space heating, resulting in substantially higher daily requirements during winter months.

Operating Statistics

The following table summarizes transportation data for the periods indicated (in trillion British Thermal Units):

	2001	2000	1999
Transportation Volumes	709.9	737.8	749.6
Average Daily Transportation Volumes	1.9	2.0	2.1
Average Daily Firm Reserved Capacity	2.1	2.1	2.2

WILLIAMS GAS PIPELINES CENTRAL, INC.

Central is an interstate natural gas transportation company that owns and operates a natural gas pipeline system located in Colorado, Kansas, Missouri, Nebraska, Oklahoma, Texas and Wyoming. The system serves customers in seven states, including major metropolitan areas in Kansas and Missouri, its chief market areas.

Pipeline System and Customers

At December 31, 2001, Central's system, having a mainline delivery capacity of approximately 2.3 billion cubic feet of natural gas per day, was composed of approximately 6,000 miles of mainline and branch transmission and storage pipelines and 43 compressor stations having a sea level-rated capacity totaling approximately 226,000 horsepower.

In 2001, Central transported natural gas to customers in Colorado, Kansas, Missouri, Nebraska, Oklahoma, Texas and Wyoming. At December 31, 2001, Central had transportation contracts with approximately 175 shippers serving approximately 530 cities and towns and 222 industrial customers.

In 2001, approximately 58 percent of Central's total operating revenues were generated from gas transportation services to Central's two largest customers, Kansas Gas Service Company, a division of Oneok, Inc. (approximately 28 percent), and Missouri Gas Energy Company (approximately 30 percent). Kansas Gas Service Company sells or resells gas to residential, commercial and industrial customers principally in certain major metropolitan areas of Kansas. Missouri Gas Energy Company sells or resells gas to residential, commercial and industrial customers principally in certain major metropolitan areas of Missouri. No other customer accounted for more than ten percent of operating revenues in 2001.

Central's firm transportation agreements have various expiration dates ranging from one to 20 years, with the majority expiring in three to eight years. Additionally, Central offers interruptible transportation services under shorter term agreements.

Central operates eight underground storage fields with an aggregate natural gas storage capacity of approximately 43 billion cubic feet and an aggregate delivery capacity of approximately 1.2 billion cubic feet of natural gas per day. Central's customers inject gas into these fields when demand is low and withdraw it to supply their peak requirements. During periods of peak demand, approximately two-thirds of the firm gas delivered to customers is supplied from these storage fields. Storage capacity enables Central's system to operate more uniformly and efficiently during the year.

Operating Statistics

The following table summarizes transportation data for the periods indicated (in trillion British Thermal Units):

	2001	2000	1999
Transportation Volumes	337.6	326.4	324
Average Daily Transportation Volumes	.9	.9	.9
Average Daily Firm Reserved Capacity	2.3	2.2	2.2

REGULATORY MATTERS

Each of the interstate natural gas pipeline companies discussed above has various regulatory proceedings pending. Each company establishes its rates primarily through the FERC's ratemaking process. Key determinants in the ratemaking process are (1) costs of providing service, including depreciation expense, (2) allowed rate of return, including the equity component of the capital structure and related income taxes and (3) volume throughput assumptions. The FERC determines the allowed rate of return in each rate case. Rate design and the allocation of costs between the demand and commodity rates also impact profitability. As a result of these proceedings, the interstate natural gas pipeline companies have collected a portion of their revenues subject to refund. See Note 19 of Notes to Consolidated Financial Statements for the amount accrued for potential refund at December 31, 2001.

Each of the interstate natural gas pipeline companies that were formerly gas supply merchants have undertaken the reformation of its respective gas supply contracts. None of the pipeline companies have any pending supplier take-or-pay, ratable-take or minimum-take claims, which are material to Williams on a consolidated basis. For information on outstanding issues with respect to contract reformation, gas purchase deficiencies and related regulatory issues, see Note 19 of Notes to Consolidated Financial Statements.

COMPETITION

The FERC continues to regulate each of Williams' interstate natural gas pipeline companies pursuant to the Natural Gas Act and the Natural Gas Policy Act of 1978. Competition for natural gas transportation has intensified in recent years due to customer access to other pipelines, rate competitiveness among pipelines, customers' desire to have more than one transporter and regulatory developments. Future utilization of pipeline capacity will depend on competition from other pipelines, use of alternative fuels, the general level of natural gas demand and weather conditions. Electricity and distillate fuel oil are the primary competitive forms of energy for residential and commercial markets. Coal and residual fuel oil compete for industrial and electric generation markets. Nuclear and hydroelectric power and power purchased from electric transmission grid arrangements among electric utilities also compete with gas-fired electric generation in certain markets.

Suppliers of natural gas are able to compete for any gas markets capable of being served by pipelines using nondiscriminatory transportation services provided by the pipeline companies. As the regulated environment has matured, many pipeline companies have faced reduced levels of subscribed capacity as contractual terms expire and customers opt to reduce firm capacity under contract in favor of alternative sources of transmission and related services. This situation, known in the industry as "capacity turnback," is forcing the pipeline companies to evaluate the consequences of major demand reductions in traditional long-term contracts. It could also result in significant shifts in system utilization, and possible realignment of cost structure for remaining customers since all interstate natural gas pipeline companies continue to be authorized to charge maximum rates approved by the FERC on a cost of service basis. WGP does not anticipate any significant financial impact from "capacity turnback". WGP anticipates that it will be able to remarket most future capacity subject to turnback, although competition may cause some of the remarketed capacity to be sold at lower rates or for shorter terms.

Several state jurisdictions have been involved in implementing changes similar to the changes that have occurred at the federal level. States, including New York, New Jersey, Pennsylvania, Maryland, Georgia, Delaware, Virginia, California, Wyoming, Kentucky and Indiana, are currently at various points in the process

of unbundling services at local distribution companies. Management expects the implementation of these changes to encourage greater competition in the natural gas marketplace.

OWNERSHIP OF PROPERTY

Each of Williams' interstate natural gas pipeline companies generally owns its facilities in fee, with certain portions, such as certain offshore facilities, being held jointly with third parties. However, a substantial portion of each pipeline company's facilities is constructed and maintained pursuant to rights-of-way, easements, permits, licenses or consents on and across properties owned by others. Compressor stations, with appurtenant facilities, are located in whole or in part either on lands owned or on sites held under leases or permits issued or approved by public authorities. The storage facilities are either owned or contracted under long-term leases or easements.

ENVIRONMENTAL MATTERS

Each interstate natural gas pipeline is subject to the National Environmental Policy Act and federal, state and local laws and regulations relating to environmental quality control. Management believes that, with respect to any capital expenditures and operation and maintenance expenses required to meet applicable environmental standards and regulations, the FERC would grant the requisite rate relief so that the pipeline companies could recover most of the cost of these expenditures in their rates. For this reason, management believes that compliance with applicable environmental requirements by the interstate pipeline companies is not likely to have a material effect upon Williams' earnings or competitive position.

For a discussion of specific environmental issues involving the interstate pipelines, including estimated cleanup costs associated with certain pipeline activities, see "Environmental" under Management's Discussion and Analysis of Financial Condition and Results of Operations and "Environmental Matters" in Note 19 of Notes to Consolidated Financial Statements.

WILLIAMS ENERGY SERVICES

Williams Energy Services, LLC (Williams Energy) is comprised of five major business units: Exploration & Production, International, Midstream Gas & Liquids, Petroleum Services and Williams Energy Partners L.P. Williams Energy, through its subsidiaries, engages in energy exploration and production activities by owning 3.2 trillion cubic feet equivalent of proved natural gas reserves located primarily in New Mexico, Wyoming and Colorado; directly invests in international energy projects located primarily in South America and Lithuania and invests in energy and infrastructure development funds in Asia and Latin America; partially owns a soda ash mining operation in Colorado; and owns or operates approximately 11,200 miles of gathering pipelines (including certain gathering lines owned by Transco but operated by Midstream Gas & Liquids), approximately 14,300 miles of natural gas liquids pipelines (4,770 of which are partially owned), 10 natural gas treating plants, 18 natural gas processing plants (three of which are partially owned) located in the United States and Canada, 69 petroleum products terminals, two ethanol production facilities (one of which is partially owned), two refineries, 89 convenience stores/travel centers, approximately 6,747 miles of petroleum products pipeline and approximately 1,100 miles of ammonia pipeline. At December 31, 2001, Williams Energy, through its subsidiaries, employed approximately 6,870 employees.

Segment revenues and segment profit for Williams Energy's business units are reported in Note 22 of Notes to Consolidated Financial Statements herein.

A business description of each of Williams Energy's business units follows.

EXPLORATION & PRODUCTION

Williams Energy, through its wholly owned subsidiaries Williams Production Company and Williams Production RMT Company in its Exploration & Production unit (E&P), owns and operates producing natural gas leasehold properties in the United States. In addition, E&P is exploring for oil and natural gas.

Acquisitions

On August 2, 2001, Williams Production RMT Company completed its acquisition of Barrett Resources Corporation of Denver, Colorado, through a merger. At the time of the merger, Barrett had total proved reserves of 1.9 trillion cubic feet equivalent and equity productions of 350 million cubic feet equivalent per day. The merger established several new core areas in the Rockies with development drilling programs in the Piceance, Raton and Powder River basins. Other projects exist in the Uinta basin, Wind River basin, Mid-continent area and the Gulf of Mexico.

Oil and Gas Properties

E&P's properties are located primarily in the Rocky Mountains and Gulf Coast areas. Rocky Mountain properties are located in New Mexico, Wyoming and Colorado. Gulf Coast properties are located in Louisiana and east and south Texas.

Gas Reserves and Wells

At December 31, 2001, 2000 and 1999, E&P had proved developed natural gas reserves of 1,599 billion cubic feet equivalent, 603 billion cubic feet equivalent and 548 billion cubic feet equivalent, respectively, and proved undeveloped reserves of 1,579 billion cubic feet equivalent, 599 billion cubic feet equivalent and 504 billion cubic feet equivalent, respectively. Of E&P's total proved reserves, 21 percent are located in the San Juan Basin of Colorado and New Mexico, 26 percent are located in Wyoming and 46 percent are located in Colorado outside of the San Juan Basin. No major discovery or other favorable or adverse event has caused a significant change in estimated gas reserves since year end 2001. E&P has not filed any information with any other federal authority or agency with respect to its estimated total proved reserves at December 31, 2001.

At December 31, 2001, the gross and net developed leasehold acres owned by E&P totaled 1,025,119 and 515,295, respectively, and the gross and net undeveloped acres owned were 3,852,811 and 2,424,763, respectively. At December 31, 2001, E&P owned interests in 9,846 gross producing wells (4,252 net) on its leasehold lands.

Operating Statistics

The following tables summarize drilling activity for the periods indicated:

2001 WELLS	GROSS	NET
Development		
Drilled	769	347
Completed	767	346
Exploration		
Drilled	14	7
Completed	9	6

COMPLETED DURING	GROSS WELLS	NET WELLS
2001	776	352
2000	246	62
1999	249	48

The majority of E&P's natural gas production is currently being sold to Energy Marketing & Trading at spot market prices. Additionally, E&P has entered into derivative contracts with Energy Marketing & Trading that hedge approximately 79 percent of projected 2002 natural gas production. Energy Marketing & Trading then enters into offsetting derivative contracts with unrelated third parties. Approximately 75 percent of production in 2001 was hedged. The total net production sold during 2001, 2000 and 1999 was 130.7 billion cubic feet equivalent, 65.6 billion cubic feet equivalent and 57.9 billion cubic feet equivalent, respectively. The average production costs including production taxes per million cubic feet of gas produced were $.61, $.57 and

$.46, in 2001, 2000 and 1999, respectively. The average wellhead sales price per million cubic feet was $3.13, $2.67 and $1.48, respectively, for the same periods.

In 1993, E&P conveyed a net profits interest in certain of its properties to the Williams Coal Seam Gas Royalty Trust. Substantially all of the production attributable to the properties conveyed to the Trust was from the Fruitland coal formation and constituted coal seam gas. Williams subsequently sold trust units to the public in an underwritten public offering and retained 3,568,791 trust units representing 36.8 percent of outstanding trust units. During 2000, Williams sold its trust units as part of a Section 29 tax credit transaction, in which Williams retained an option to repurchase the units. Williams registered the units with the SEC and has been repurchasing the units and reselling the units on the open market from time to time. As of February 18, 2002, Williams' option to repurchase totaled 3,308,791 units.

INTERNATIONAL

Williams International Company, through subsidiaries, has made direct investments in energy projects primarily in South America and Lithuania and continues to explore and develop additional projects for international investments. Williams International also has investments in energy and infrastructure development funds in Asia and South America and a soda ash mining operation in Colorado.

El Furrial. Williams International owns a 67 percent interest in a venture near the El Furrial field in eastern Venezuela that constructed, owns and operates medium and high pressure gas compression facilities for Petroleos de Venezuela S.A. (PDVSA), the state owned petroleum corporation of Venezuela.

The medium pressure facility has compression capacity of 130 million cubic feet per day of raw natural gas from 100 to 1,200 p.s.i.g. for delivery into a natural gas processing plant owned by PDVSA. The high pressure facility has compression capacity of 650 million cubic feet per day of processed natural gas from 1,100 to 7,500 p.s.i.g. for injection into PDVSA's El Furrial producing field.

Jose Terminal. Through a long-term operations and maintenance agreement, a consortium, in which Williams International owns 45 percent, operates the PDVSA, Eastern Venezuela crude oil storage and shiploading terminal. Operations began in the second quarter of 1999, and volumes have averaged 500,000 barrels per day. Crude oil exports shipped through this offshore facility are expected to generate approximately 30 percent of Venezuela's forecasted revenues. PDVSA expects to significantly increase the terminal's volume and capacity, currently 800,000 barrels per day, during the next several years.

Pigap II. In April 1999, a consortium in which Williams International owns 70 percent entered into an agreement with PDVSA Petroleo y Gas, S.A., to develop, design, construct, operate, maintain and own a high pressure natural gas injection facility and related infrastructure to take gas, process it and deliver it for injection for secondary recovery of oil from the Santa Barbara/Pirital oil fields located in North Monogas, Venezuela for an initial term of 20 years. Williams International commenced construction in February 2000. Initial operations began in August 2001. The facility is now fully operational. Performance tests have been completed and approved by PDVSA to 75 percent of capacity. The plant is currently being tested at 100 percent of capacity. Maximum capacity is 1.4 billion cubic feet per day.

Accroven. Williams International acquired by purchase from TCPL International Limited and TC International Limited and owns 49.25 percent of Accroven, the Eastern Venezuela project which built, owns and operates two 400 million cubic feet per day natural gas liquids extraction plants, a 50,000 barrel per day natural gas liquids fractionation plant and associated storage and refrigeration facilities for PDVSA. Operations commenced in June 2001. The facility is fully operational with all performance tests completed and approved to 100 percent of capacity.

AB Mazeikiu Nafta. In October 1999 Williams acquired a 33 percent ownership interest and the right to operate AB Mazeikiu Nafta (MN). MN consists of a 320,000 barrel per day refinery, which as of February 28, 2002 was refining 140,000 barrels per day, a 720,000 barrel per day crude oil and refined product pipeline systems within Lithuania and a 160,000 barrel per day crude export facility on the Baltic Sea. Williams took over the operation of these assets in October 1999.

In September of 2000, MN signed an agreement with Yukos Oil Company to transport 80,000 barrels per day through the Butinge terminal. Additionally, MN has entered into multiple short-term supply agreements for the supply of crude oil to the refinery. MN is currently in negotiations with Russian producers for a long-term 80,000-barrel per day refinery supply agreement.

Apco Argentina. Williams International owns approximately a 70 percent interest in Apco Argentina Inc., an oil and gas exploration and production company with operations in Argentina, whose securities are traded on the NASDAQ stock market. Apco Argentina's principal business is its 47.6 percent interest in the Entre Lomas concession in southwest Argentina. It also owns a 45 percent interest in the Canadon Ramirez concession and a 1.5 percent interest in the Acambuco concession.

American Soda L.L.P. -- Sodium Mineral Resource Investment. American Soda L.L.P. is a partnership based in the Piceance Creek Basin of western Colorado for the purpose of engaging in the exploration, development, mining and marketing of soda ash and sodium bicarbonate in an efficient and environmentally responsible manner. This facility has capacities of approximately one million tons of soda ash per year and 150,000 tons of sodium bicarbonate per year. The project is included in International's portfolio because it exports a significant portion of the soda ash production through the United States producer export-marketing consortium, American Natural Soda Ash Company. Soda ash is used in the manufacture of glass, chemicals, paper and detergents. Sodium bicarbonate, more commonly known as baking soda, is used in animal feed, pharmaceutical products, food additives, water treatment, cleaning products and fire extinguishers. As a result of higher than expected construction costs and implementation difficulties, a $170 million impairment charge on the facility was recorded in the fourth-quarter of 2001.

MIDSTREAM GAS & LIQUIDS

Williams Energy, through Williams Field Services Group, Inc. and its subsidiaries, Williams Energy (Canada), Inc. and its subsidiaries, Williams Natural Gas Liquids, Inc. and its subsidiaries and Williams Midstream Natural Gas Liquids, Inc. (collectively Midstream), owns and operates natural gas gathering, processing and treating facilities, and natural gas liquids transportation, fractionation and storage facilities in northwestern New Mexico, southwestern Colorado, southwestern Wyoming, eastern Utah, northwestern Oklahoma, Kansas, northern Missouri, eastern Nebraska, Iowa, southern Minnesota, Tennessee, central Alberta and western British Columbia, Canada and also in areas offshore and onshore in Texas, Alabama, Mississippi and Louisiana. Midstream also operates gathering facilities owned by Transcontinental Gas Pipe Line Corporation, an affiliated interstate natural gas pipeline company, that are currently regulated by the FERC.

Expansion Projects

In 2001, Midstream continued to expand its Gulf Coast operations with the November completion of an onshore gas processing facility and the mid-2002 scheduled completion of deepwater gathering and transportation facilities, each of which is leased by Midstream. Midstream's deepwater expansion efforts continued with agreements to gather and transport oil and natural gas production from Kerr-McGee Corporation's deepwater developments in the Nansen and Boomvang areas in the Western Gulf of Mexico. In order to provide these services to Kerr-McGee and other future prospects, a 137-mile gathering system was constructed to move gas and oil produced by the Nansen and Boomvang prospects. In November 2001, the newly-constructed cryogenic plant located near Markham, Texas was placed into operation. The 300 million cubic feet per day plant processes the gas flows generated from the East Breaks infrastructure. Midstream leases each of these facilities. The lease terms include a five-year base term including the construction phase and can be renewed for another five-year term.

Midstream also signed agreements to provide infrastructure for Dominion Exploration & Production, Inc. and Pioneer Natural Resources Company deepwater projects located in the Devils Tower field in the Gulf of Mexico. Terms of the agreement call for Midstream to construct and own a floating production facility, a 90-mile gas pipeline and a 120-mile oil pipeline to handle production from the Devils Tower field. Midstream intends to use the facilities to provide production-handling services to surrounding fields. The project is

scheduled to become operational in June 2003. Midstream's Mobile Bay plant will process the gas and recover NGL's, which will then be transported to the Baton Rouge fractionator via the Tri-States and Wilprise pipelines.

The Redwater Olefins fractionation facility located adjacent to the existing Redwater Fractionation Facility near Edmonton, Alberta, is nearing completion. The new facility is scheduled to be in service in the first quarter 2002 and include feed storage, feed treatment, fractionation, product storage, product treatment and rail loading. The new olefins facility will be an integral part of Midstream's existing McMurray-Redwater System, which involves the recovery of hydrocarbon liquids from the offgas produced at a third party facility near Ft. McMurray, Alberta.

Customers and Operations

Facilities owned and/or operated by Midstream consist of approximately 11,200 miles of gathering pipelines (including certain gathering lines owned by Transco but operated by Midstream), 10 natural gas treating plants, 18 natural gas processing plants (three of which are partially owned), and approximately 14,300 miles of natural gas liquids pipeline, of which approximately 4,770 miles are partially owned. The aggregate daily inlet capacity is approximately 9.0 billion cubic feet for the gathering systems and 12.2 billion cubic feet for the gas processing, treating and dehydration facilities. Midstream's pipeline operations provide customers with one of the nation's largest natural gas liquids transportation systems, while gathering and processing customers have direct access to interstate pipelines, including affiliated pipelines, which provide access to multiple markets.

During 2001, Midstream gathered gas for 255 customers, processed gas for 93 customers and provided transportation to 87 customers. The largest customer accounted for approximately 14 percent of total gathered volumes, and the two largest processing customers accounted for 19 percent and 16 percent, respectively, of processed volumes. The largest transportation customers accounted for 17 percent of transportation volumes. No other customer accounted for more than ten percent of gathered, processed or transported volumes. Williams Canada sold NGLs to 10 customers, three of which individually represent over ten percent of Canadian NGL sales. Midstream's gathering and processing agreements with large customers are generally long-term agreements with various expiration dates. These long-term agreements account for the majority of the gas gathered and processed by Midstream. The natural gas liquids transportation contracts are tariff-based and generally short-term in nature with some long-term contracts for system-connected processing plants. The Canadian NGL sales contracts are typically long-term in nature and are based on cost-of-service or flat fee arrangements.

Acquisitions

Midstream continues to realign its assets to focus on providing producer services in significant growth basins. In order to strengthen its strategic position in the Gulf Coast offshore production areas, Midstream acquired a series of Gulf Coast pipelines in 2001 that included the Black Marlin Pipeline, Green Canyon Gathering System and the Tarpon Transmission System. In January 2002, Midstream announced an asset swap with Duke Energy Field Services that will increase its ownership in the Wyoming area in exchange for its assets in the Hugoton Basin. Terms of the agreement include Midstream receiving Duke's 34 percent ownership interest in the Echo Spring processing plant and related gathering systems near Wamsutter, Wyoming. Midstream currently owns the remaining 66 percent ownership interest in the Wamsutter assets. In exchange, Duke will receive Midstream's Oklahoma Hugoton gathering system, and the Baker, Hobart Ranch and South Bishop gas processing plants located in the Texas and Oklahoma panhandle area. The transaction is expected to close in the first quarter of 2002.

In January 2002, Midstream sold various gas gathering and processing assets located in south Texas. These assets included a sour gas treatment plant and gathering lines near Tilden, an inactive gas processing plant in Bee County and Midstream's 76 percent interest in the Webb Duval gathering system. In addition, the sale of 492 miles of Transco transmission lines in far southern Texas is expected to close in the third quarter of 2002.

Operating Statistics

The following table summarizes gathering, processing, natural gas liquid sales and transportation volumes for the periods indicated. The information includes operations attributed to facilities owned by Transco but operated by Midstream.

	2001	2000	1999
Gas volumes:			
Domestic gathering (trillion British Thermal Units)	2,174	2,116	2,085
Domestic processing (trillion British Thermal Units)	563	561	539
Domestic natural gas liquids sales (millions of gallons)	980	1,151	838
Domestic natural gas liquids transportation (millions of barrels)	303	291	282
Canadian gas liquids sales (millions of gallons)	1,391	368*	--

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* Partial year (acquired October 11, 2000)

PETROLEUM SERVICES

Williams Energy, through wholly owned subsidiaries in its Petroleum Services unit, owns and operates a petroleum products pipeline system, an ethylene plant and olefin pipeline, 39 petroleum products terminals (some of which are partially owned), two ethanol production plants (one of which is majority owned), two refineries and 89 convenience stores/travel centers, and provides services and markets products related thereto. In 2001, no one customer accounted for ten percent of Petroleum Services' total revenues.

Transportation

A subsidiary in the Petroleum Services unit, Williams Pipe Line Company, owns and operates a petroleum products pipeline system that covers an 11-state area extending from Oklahoma to North Dakota, Minnesota and Illinois. The system is operated as a common carrier offering transportation and terminalling services on a nondiscriminatory basis under published tariffs. The system transports refined products and liquified petroleum gases. On February 4, 2002, Williams announced that it plans to sell this pipeline system and its on-system terminals. Williams Energy Partners L.P. is a potential purchaser of this pipeline system.

At December 31, 2001 the system includes approximately 6,747 miles of pipeline in various sizes up to 16 inches in diameter. The system includes 77 pumping stations, 26.5 million barrels of storage capacity and 39 delivery terminals. The terminals are equipped to deliver refined products into tank trucks and tank rail cars. The maximum number of barrels that the system can transport per day depends upon the operating balance achieved at a given time between various segments of the system. Because the balance is dependent upon the mix of products to be shipped and the demand levels at the various delivery points, the exact capacity of the system cannot be stated. In 2001, total system shipments averaged 647,000 barrels per day.

The operating statistics set forth below relate to the system's operations for the periods indicated:

	2001	2000	1999
Shipments (thousands of barrels):			
Refined products:			
Gasolines	137,552	130,580	132,444
Distillates	75,887	74,299	70,466
Aviation fuels	14,752	16,488	12,060
LP-Gases	7,901	7,781	7,521
Total Shipments	236,092	229,148	222,491
Daily average (thousands of barrels)	647	626	610
Barrel miles (millions)	70,466	68,211	67,768

Williams and its subsidiary, Longhorn Enterprises of Texas, Inc. (LETI), own a total 32.1 percent interest in Longhorn Partners Pipeline, LP, a joint venture formed to construct and operate a refined products

pipeline from Houston, Texas, to El Paso, Texas. Pipeline construction is substantially complete pending regulatory and environmental approvals, and operations are expected to commence after receiving such approvals in mid-2002. Williams Pipe Line has designed and constructed and will operate the pipeline, and Williams Pipe Line and LETI have contributed a total of approximately $105 million and loaned approximately $32 million to the joint venture.

On June 30, 2000, a subsidiary in the Petroleum Services unit purchased an interest in the Trans-Alaska Pipeline System from Mobil Alaska Pipeline Company for $32.5 million. Petroleum Services' interest consists of 3.0845 percent of the pipeline and the Valdez crude terminal. Petroleum Services' share of the crude oil deliveries for 2001 was approximately 14.0 million barrels.

Olefins

Petroleum Services owns and operates an approximate 42 percent interest in a 1.3 billion pounds per year ethylene plant near Geismar, Louisiana. Williams Energy Marketing & Trading provides feedstocks to the olefins facility and markets the Williams share of the ethylene produced from the facility through a tolling arrangement with Petroleum Services. The olefins facility is supported by pipeline and storage assets owned by Williams Midstream Gas & Liquids. Midstream owns and operates a 215-mile light hydrocarbon transportation system and operates and has partial ownership in an 85-mile olefin pipeline and storage network, which connects, either directly or indirectly, most major natural gas liquids producers and olefin consumers in Louisiana.

Feedstock processed and ethylene produced by the olefin facility, which was acquired in March 1999, noted below represents Williams approximate 42 percent interest:

	2001	2000	1999
Feedstock processed (thousands of pounds):..............	477,106	793,316	596,512
Ethylene production (thousands of pounds):..............	315,113	520,758	386,998

Bio-Energy

Williams Bio-Energy, LLC, is engaged in the production and marketing of ethanol. Williams Bio-Energy owns and operates two ethanol plants (one of which is partially owned) for which corn is the principal feedstock. The Pekin, Illinois, plant has an annual production capacity of 100 million gallons of fuel-grade and industrial ethanol and also produces various coproducts and bio-products. Bio-products, mainly flavor enhancers, produced at the Pekin plant are marketed primarily to food processing companies. The Aurora, Nebraska, plant (in which Williams Bio-Energy owns an approximate 77 percent interest) has an annual production capacity of 30 million gallons. In late 2000, Williams Bio-Energy acquired a minority interest in two affiliate plants in South Dakota and made equity investments in two other plants in Minnesota and Iowa totaling approximately 40 million gallons of annual ethanol production capacity produced primarily from corn. In addition, Williams Bio-Energy obtained marketing rights to 100 percent of the ethanol output of the four plants. Williams Bio-Energy also markets ethanol produced by third parties. In 2001, Williams Bio-Energy entered into marketing agreements to market all of the ethanol produced by Heartland Grain Fuels, L.P., Minnesota Energy, Sunrise Energy and Tri-State Ethanol Company, LLC.

The sales volumes set forth below include ethanol produced by third parties as well as by Williams Bio-Energy for the periods indicated:

	2001	2000	1999
Ethanol sold (thousands of gallons).....................	265,854	227,458	200,077

Refining

Petroleum Services, through subsidiaries in its unit, owns and operates two petroleum products refineries: the North Pole, Alaska refinery and the Memphis, Tennessee refinery. The financial results of the North Pole refinery and the Memphis refinery may be significantly impacted by changes in market prices for crude oil and

refined products. Petroleum Services cannot predict the future of crude oil and product prices or their impact on its financial results.

The North Pole Refinery includes the refinery located at North Pole, Alaska and a terminal facility at Anchorage, Alaska. The refinery, the largest in the state, is located approximately two miles from its supply point for crude oil, the Trans-Alaska Pipeline System (TAPS). The refinery's processing capability is approximately 215,000 barrels per day. At maximum crude throughput, the refinery can produce up to 70,000 barrels per day of retained refined products. These products are jet fuel, gasoline, diesel fuel, heating oil, fuel oil, naphtha and asphalt. These products are marketed in Alaska, Western Canada and the Pacific Rim principally to wholesale, commercial, industrial and government customers and to Petroleum Services' retail petroleum group.

Barrels processed and transferred by the North Pole Refinery per day are noted below:

	2001	2000	1999
Barrels Processed and Sold (barrels)....................	65,089	58,109	56,395

The North Pole Refinery's crude oil is purchased from the state of Alaska or is purchased or received on exchanges from crude oil producers. The refinery has two long-term agreements with the state of Alaska for the purchase of royalty oil, both of which are scheduled to expire on December 31, 2003. The agreements provide for the purchase of up to 56,000 barrels per day (approximately 80 percent of the refinery's supply needs for retained production) of the state's royalty share of crude oil produced from Prudhoe Bay, Alaska. These volumes, along with crude oil either purchased or received under exchange agreements from crude oil producers or other short-term supply agreements with the state of Alaska, are utilized as throughput for the refinery. Approximately 30 percent of the throughput is refined, retained and sold as finished product and the remainder of the throughput is returned to the TAPS and either delivered to repay exchange obligations or sold.

The Memphis Refinery, which includes three petroleum products terminals, is the only refinery in the state of Tennessee and has a throughput capacity of approximately 175,000 barrels per day. Petroleum Services commissioned a 36,000 barrel per day continuous catalyst regeneration reformer in May 2000. The reformer enables the refinery to produce in greater volumes premium gasoline to be delivered in the mid-South region of the United States.

The Memphis Refinery produces gasoline, low sulfur diesel fuel, jet fuel, K-1 kerosene, refinery-grade propylene, No. 6 fuel oil, propane and elemental sulfur. In 2001, these products were exchanged or marketed primarily in the Mid-South region of the United States to wholesale customers, such as industrial and commercial consumers, jobbers, independent dealers and other refiner/marketers. Through January 2001, Williams' Energy Marketing & Trading unit marketed the refinery's products. Petroleum Services began marketing the refinery's products directly in February 2001.

The Memphis Refinery has access to crude oil from the Gulf Coast via common carrier pipeline and by river barges. In addition to domestic crude oil, the Memphis Refinery receives and processes certain foreign crudes. The Memphis Refinery's purchase contracts are generally short-term agreements.

Average daily barrels processed and transferred by the Memphis Refinery are noted below:

	2001	2000	1999
Barrels Processed and Sold (barrels)....................	175,914	161,751	133,494

Retail Petroleum

Petroleum Services, primarily under the brand names "Williams TravelCenters" and "Williams Express," is engaged in the retail marketing of gasoline, diesel fuel, other petroleum products, convenience merchandise and restaurant and fast food items. On May 31, 2001, Petroleum Services sold 198 MAPCO Express convenience stores to Delek -- The Israel Fuel Corporation Limited. At December 31, 2001, the retail petroleum group operated 61 interstate TravelCenter locations and 28 Williams Express convenience stores in Alaska. The TravelCenter sites consist of 35 modern facilities providing gasoline and diesel fuel,

merchandise and restaurant offerings for both traveling consumers and professional drivers, and 15 locations providing fuel and merchandise. The convenience store sites are primarily concentrated in the vicinities of Nashville and Memphis, Tennessee and Anchorage and Fairbanks, Alaska. All of the motor fuel sold by Williams TravelCenters and convenience stores is supplied either by exchanges, directly from either the Memphis or North Pole Refineries or through Williams Energy Marketing & Trading.

Convenience merchandise, restaurants and fast food accounted for approximately 60 percent of the retail petroleum group's gross margins in 2001. Gasoline and diesel sales volumes for the periods indicated are noted below:

	2001	2000	1999
Gasoline (thousands of gallons)	254,762	340,724	339,470
Diesel (thousands of gallons)	574,039	434,655	264,248

WILLIAMS ENERGY PARTNERS L.P.

In October 2000, Williams formed Williams Energy Partners L.P. (WEP), a wholly owned partnership, to acquire, own and operate a diversified portfolio of energy assets, concentrated around the storage, transportation and distribution of refined petroleum products and ammonia. On October 30, 2000, WEP filed with the Securities and Exchange Commission a registration statement on Form S-1 related to an initial public offering of common units. In February 2001, 4,600,000 common units, representing approximately 40 percent of the total outstanding units, were sold to the public. Williams currently owns approximately 60 percent of the partnership including its general partner interest. WEP's common units trade on the New York Stock Exchange under the symbol WEG.

WEP's asset portfolio includes five marine petroleum product terminal facilities with an aggregate storage capacity of approximately 18 million barrels, 25 inland terminals with an aggregate storage capacity of 4.7 million barrels and an ammonia pipeline and terminals system that extends for approximately 1,100 miles from Texas and Oklahoma to Minnesota. Williams Energy Marketing & Trading is WEP's largest terminal customer accounting for approximately 9.5 percent of WEP's terminal revenues for 2001.

REGULATORY MATTERS

International. AB Mazeikiu Nafta is regulated by the Government of the Republic of Lithuania. The four primary ministries that interact on the day to day activities of MN are the Ministry of Economy, the Ministry of Transportation, the Ministry of Environment and the Ministry of Finance. These Ministries provide governmental regulations regarding the operation of the refinery, transportation of crude oil and refined products through the pipeline and terminal system, and financial reporting of MN. In addition the Ministry of Economy controls MN's Board of Directors and Supervisory Council.

Midstream. In May 1994, after reviewing its legal authority in a Public Comment Proceeding, the FERC determined that while it retains some regulatory jurisdiction over gathering and processing performed by interstate pipelines, pipeline-affiliated gathering and processing companies are outside its authority under the Natural Gas Act. An appellate court has affirmed the FERC's determination, and the United States Supreme Court has denied requests for certiorari. As a result of these FERC decisions, some of the individual states in which Midstream conducts its operations have considered whether to impose regulatory requirements on gathering companies. Kansas, Oklahoma and Texas currently regulate gathering activities using complaint mechanisms under which the state commission may resolve disputes involving an individual gathering arrangement. Other states may also consider whether to impose regulatory requirements on gathering companies.

In February 1996, Midstream and Transco filed applications with the FERC to spindown all of Transco's gathering facilities to Midstream. The FERC subsequently denied the request in September 1996. Midstream and Transco sought rehearing in October 1996. In August 1997, Midstream and Transco filed a second request for expedited treatment of the rehearing request. The FERC denied rehearing on June 14, 2001. On July 26, 2001, Midstream and Transco filed an appeal of the orders with the Circuit Court of Appeals for the District

of Columbia. In February 1998, Midstream and Transco filed separate applications to spindown an onshore gathering system located in Texas, the Tilden/McMullen gathering system, which was also one of the subjects of the pending rehearing request. In May 1999, the FERC approved the spindown application only for the facilities upstream of the Tilden treating plant. The transfer of ownership of these facilities occurred in April 2000. As a result of a court appeal reversing and remanding the FERC's decision that the offshore system of Sea Robin pipeline were transmission facilities regulated by FERC under the Natural Gas Act, in June 1999, the FERC issued an order in the Sea Robin remand proceeding finding that the upstream portions of the Sea Robin system are nonjurisdictional gathering but the downstream portion is regulated transmission. In July 2000, the FERC affirmed that determination and denied rehearing requests. Appeals are pending in the District of Columbia Circuit Court of Appeals. In April 2000, the FERC issued "Regulations under the Outer Continental Shelf Lands Act Governing the Movement of Natural Gas on Facilities on the Outer Continental Shelf," which require most non-interstate natural gas pipelines located on the Outer Continental Shelf to post prices, terms and conditions of service. Williams and other parties appealed the Rule, challenging FERC's authority to issue it. On January 11, 2002, the United States District Court for the District of Columbia granted William's motion for summary judgment and permanently enjoined the FERC from enforcing that rule. In November 2000, Midstream and Transco filed applications with the FERC to spindown two of Transco's offshore gathering facilities to Midstream (the North Padre system and the Central Texas system). Transco and Midstream explained that it was the first in a series of spindown filings designed to be consistent with the current policy under the Sea Robin reformulated test. Subsequently, Midstream and Transco filed to spindown the North High Island/West Cameron system and the Central Louisiana system. This series of spindown filings will generally request the spindown of smaller systems than originally proposed in the 1996 filings, but Transco and Midstream have stated that they reserve their rights to continue pursuit of the original spindown proposals. The FERC granted the proposed spindown of the North Padre Island system and the Central Texas system on July 25, 2001. A rehearing order was issued on December 19, 2001, which maintained the July 25th order's determination on the function of the facilities, but did not require Transco to change its rates before the transfer of facilities. The FERC granted only part of the proposed spindowns for the North High Island/West Cameron system on July 25, 2001 and on the Central Louisiana system on August 31, 2001. On December 19, 2001, the FERC issued orders on rehearing in both proceedings, maintaining its previous determination that only some of the proposed facilities function as non-jurisdictional gathering. On January 7, 2002 Midstream filed an appeal of each of the orders, the North High Island/West Cameron order and the Central Louisiana order, with the Circuit Court of Appeals for the District of Columbia. On January 9, 2002, Midstream and Transco moved to consolidate those two appeals with the pending appeal of the comprehensive spindown that had been filed July 26, 2001.

Midstream's natural gas liquids group is subject to various federal, state, and local environmental and safety laws and regulations. Midstream's pipeline operations are subject to the provisions of the Hazardous Liquid Pipeline Safety Act. In addition, the tariff rates, shipping regulations, and other practices of the Mid-America, Rio Grande, Seminole, Wilprise and Tri-States pipelines are regulated by the FERC pursuant to the provisions of the Interstate Commerce Act applicable to interstate common carrier petroleum and petroleum products pipelines. Both of these statutes require the filing of reasonable and nondiscriminatory tariff rates and subject Midstream to certain other regulations concerning its terms and conditions of service. The Mid-America, Rio Grande, Seminole, Wilprise and Tri-States pipelines also file tariff rates covering intrastate movements with various state commissions. The United States Department of Transportation has prescribed safety regulations for common carrier pipelines. The pipeline systems are subject to various state laws and regulations concerning safety standards, exercise of eminent domain, and similar matters.

Midstream's Canadian natural gas group's assets, except for the Taylor to Boundary Lake Pipeline, are regulated provincially. The Alberta-based assets are regulated by the Alberta Energy & Utilities Board (AEUB) and Alberta Environment, while the British Columbia-based assets are regulated by B.C. Oil and Gas Commission and the British Columbia Ministry of Environment, Lands and Parks. The regulatory system for Alberta oil and gas industry incorporates a large measure of self-regulation, meaning that licensed operators are held responsible for ensuring that their operations are conducted in accordance with all provincial regulatory requirements. For situations in which non-compliance with the applicable regulations is at issue, the AEUB and Alberta Environment have implemented an enforcement process with escalating

consequences. The British Columbia Oil and Gas Commission operates in a slightly different manner than the AEUB, with more emphasis placed on pre-construction criteria and the submission of post-construction documentation, as well as periodic inspections. Only one asset is subject to federal regulation, under the jurisdiction of the NEB. The Taylor to Boundary Lake Pipeline, which is Leg Number 2 of the NGL Gathering System, is regulated by the National Energy Board as a Group 2 inter-provincial pipeline between B.C. and Alberta. While Group 2 regulated companies are required to post a toll and tariff for the facilities they operate, they are regulated on a "complaint only" basis and need only to employ standard uniform accounting procedures, rather than the more onerous Group 1 NEB-mandated accounting and reporting requirements.

Petroleum Services. Williams Pipe Line, as an interstate common carrier pipeline, is subject to the provisions and regulations of the Interstate Commerce Act. Under this Act, Williams Pipe Line is required, among other things, to establish just, reasonable and nondiscriminatory rates, to file its tariffs with the FERC, to keep its records and accounts pursuant to the Uniform System of Accounts for Oil Pipeline Companies, to make annual reports to the FERC and to submit to examination of its records by the audit staff of the FERC. Authority to regulate rates, shipping rules and other practices and to prescribe depreciation rates for common carrier pipelines is exercised by the FERC. The Department of Transportation, as authorized by the 1995 Pipeline Safety Reauthorization Act, is the oversight authority for interstate liquids pipelines. Williams Pipe Line is also subject to the provisions of various state laws applicable to intrastate pipelines.

Environmental regulations and changing crude oil supply patterns continue to affect the refining industry. The industry's response to environmental regulations and changing supply patterns will directly affect volumes and products shipped on the Williams Pipe Line system. Environmental Protection Agency regulations, driven by the Clean Air Act, require refiners to change the composition of fuel manufactured. A pipeline's ability to respond to the effects of regulation and changing supply patterns will determine its ability to maintain and capture new market shares. Williams Pipe Line has successfully responded to changes in diesel fuel composition and product supply and has adapted to new gasoline additive requirements. Reformulated gasoline regulations have not yet significantly affected Williams Pipe Line. Williams Pipe Line will continue to attempt to position itself to respond to changing regulations and supply patterns but cannot predict how future changes in the marketplace will affect its market areas.

Williams Energy Partners L.P. The Surface Transportation Board, a part of the United States Department of Transportation, has jurisdiction over interstate pipeline transportation of ammonia. Ammonia transportation rates must be reasonable, and a pipeline carrier may not unreasonably discriminate among its shippers. In determining a reasonable rate, the Surface Transportation Board will consider, among other factors, the effect of the rate on the volumes transported by that carrier, the carrier's revenue needs and the availability of other economic transportation alternatives. Because in some instances WEP transports ammonia between two terminals in the same state, its pipeline operations are subject to regulation by the state regulatory authorities in Iowa, Nebraska, Oklahoma and Texas.

COMPETITION

Exploration & Production. Williams Energy's E&P unit competes with a wide variety of independent producers as well as integrated oil and gas companies for markets for its production. E&P has three general phases of operations: acquiring oil and gas properties, developing non-producing properties and operating producing properties. In the process of acquiring minerals, the primary methods of competition are on acquisition price and terms such as duration of the mineral lease, the amount of the royalty payment and special conditions related to rights to use the surface of the land under which the mineral interest lies. In the process of developing non-producing properties, E&P does not face significant competition. In the operating phase, the primary method of competition involves operating efficiencies related to the cost to produce the hydrocarbons from the reservoir. The majority of Williams Energy's ownership interests in exploration and production properties are held as working interests in oil and gas leaseholds.

Midstream. Williams Energy competes for gathering and processing business with interstate and intrastate pipelines, producers and independent gatherers and processors. Numerous factors impact any given

customer's choice of a gathering or processing services provider, including rate, location, term, timeliness of well connections, pressure obligations and the willingness of the provider to process for either a fee or for liquids taken in-kind. Competition for the natural gas liquids pipelines include other pipelines, tank cars, trucks, barges, local sources of supply (refineries, gasoline plants and ammonia plants) and other sources of energy such as natural gas, coal, oil and electricity. Factors that influence customer transportation decisions include rate, location, nature of service and timeliness of delivery.

Petroleum Services. Williams Pipe Line operates without the protection of a federal certificate of public convenience and necessity that might preclude other entrants from providing like service in its area of operations. Further, Williams Pipe Line must plan, operate and compete without the operating stability inherent in a broad base of contractually obligated or owner-controlled usage. Because Williams Pipe Line is a common carrier, its shippers need only meet the requirements set forth in its published tariffs in order to avail themselves of the transportation services offered by Williams Pipe Line.

Competition exists from other pipelines, refineries, barge traffic, railroads and tank trucks. Competition is affected by trades of products or crude oil between refineries that have access to the system and by trades among brokers, traders and others who control products. These trades can result in the diversion from the Williams Pipe Line system of volume that might otherwise be transported on the system. Shorter, lower revenue hauls may also result from these trades. Williams Pipe Line also is exposed to interfuel competition whereby an energy form shipped by a liquids pipeline, such as heating fuel, is replaced by a form not transported by a liquids pipeline, such as electricity or natural gas. While Williams Pipe Line faces competition from a variety of sources throughout its marketing areas, the principal competition is other pipelines. A number of pipeline systems, competing on a broad range of price and service levels, provide transportation service to various areas served by the system. The possible construction of additional competing products or crude oil pipelines, conversions of crude oil or natural gas pipelines to products transportation, changes in refining capacity, refinery closings, changes in the availability of crude oil to refineries located in its marketing area or conservation and conversion efforts by fuel consumers may adversely affect the volumes available for transportation by Williams Pipe Line.

Williams Bio-Energy's fuel ethanol operations compete in local, regional and national fuel additive markets with other ethanol products and other fuel additive producers, such as refineries and methyl tertiary butyl ether (MTBE) producers. MTBE has been banned in California effective January 1, 2003, and in other states due to ground water contamination problems. Williams Bio-Energy's other products compete in global markets against a variety of competitors and substitute products.

The principal competitive forces affecting Williams Energy's refining businesses are feedstock costs, refinery efficiency, refinery product mix and product distribution. Some of Memphis Refinery's competitors can process sour crude, and accordingly, are more flexible in the crudes that they can process. Williams Energy has limited crude oil reserves and does not engage in crude oil exploration, and it must therefore obtain its crude oil requirements from unaffiliated sources. Williams Energy believes that it will be able to obtain adequate crude oil and other feedstocks at generally competitive prices for the foreseeable future.

The principal competitive factors affecting Williams Energy's retail petroleum business are location, product price and quality, appearance and cleanliness of stores and brand-name identification. Competition in the convenience store industry is intense. Within the travel center industry, Williams TravelCenters strives to be a market leader in customer service to the local consumer, traveling consumer and professional driver.

Williams Energy's gathering and processing facilities and natural gas liquids pipelines are owned in fee. Midstream Gas & Liquids constructs and maintains gathering and natural gas liquids pipeline systems pursuant to rights-of-way, easements, permits, licenses, and consents on and across properties owned by others. The compressor stations and gas processing and treating facilities are located in whole or in part on lands owned by subsidiaries of Williams Energy or on sites held under leases or permits issued or approved by public authorities.

Williams Energy owns its petroleum pipeline system in fee. However, a substantial portion of the system is operated, constructed and maintained pursuant to rights-of-way, easements, permits, licenses or consents on

and across properties owned by others. The terminals, pump stations and all other facilities of the system are located on lands owned in fee or on lands held under long-term leases, permits or contracts. The North Pole Refinery is located on land leased from the state of Alaska under a long-term lease scheduled to expire in 2025 and renewable at that time by Williams Energy. The Anchorage, Alaska terminal is located on land leased from the Alaska Railroad Corporation under two long-term leases. The Memphis Refinery is located on land owned by Williams Energy. Williams Energy management believes its assets are in such a condition and maintained in such a manner that they are adequate and sufficient for the conduct of business.

Williams Energy Partners L.P. WEP competes with other independent terminal operators as well as integrated oil companies on the basis of terminal location and versatility, services provided and price. Its competition from independent operators primarily comes from distribution companies with marketing and trading arms, independent terminal operators and refining and marketing companies.

WEP competes primarily with ammonia shipped by rail carriers, but it has a distinct advantage over rail carriers because ammonia is a gas under normal atmospheric conditions and must be either placed under pressure or cooled to -33 degrees Celsius to be shipped or stored. WEP also competes to a limited extent in the areas served by the far northern segment of their ammonia pipeline and terminals system with the other United States ammonia pipeline, which originates on the Gulf Coast and transports domestically produced and imported ammonia.

ENVIRONMENTAL MATTERS

Williams Energy is subject to various international, federal, state and local laws and regulations relating to environmental quality control. Management believes that Williams Energy's operations are in substantial compliance with existing environmental legal requirements. Management expects that compliance with existing environmental legal requirements will not have a material adverse effect on the capital expenditures, earnings and competitive position of Williams Energy. See Note 19 of Notes to Consolidated Financial Statements.

The International unit must comply with the environmental laws of the country in which its assets are located. For example, Mazeikiu Nafta, a refinery located in Lithuania, must comply with its Permit for Use of Natural Resources issued by the government.

Groundwater monitoring and remediation are ongoing at both refineries and air and water pollution control equipment is operating at both refineries to comply with applicable regulations. The Clean Air Act Amendments of 1990 continue to impact Williams Energy's refining businesses through a number of programs and provisions. The provisions include Maximum Achievable Control Technology rules, which are being developed for the refining industry, controls on individual chemical substances, new operating permit rules and new fuel specifications to reduce vehicle emissions. The provisions impact other companies in the industry in similar ways and are not expected to adversely impact Williams Energy's competitive position.

Williams Energy and its subsidiaries also accrue environmental remediation costs for its natural gas gathering and processing facilities, natural gas liquids pipelines and storage facilities, petroleum products pipelines, retail petroleum and refining operations and for certain facilities related to former propane marketing operations primarily related to soil and groundwater contamination. In addition, Williams Energy owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At December 31, 2001, Williams Energy and its subsidiaries had accrued liabilities totaling approximately $43 million. Williams Energy accrues receivables related to environmental remediation costs based upon an estimate of amounts that will be reimbursed from state funds for certain expenses associated with underground storage tank problems and repairs.

WEG's operation of terminals and associated facilities in connection with the storage and transportation of crude oil and other liquid hydrocarbons, together with its operation of an ammonia pipeline, are subject to stringent and complex laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. As an owner or lessee and operator of these facilities, WEG must comply with these laws and regulations at the federal, state and local levels. Failure to comply with these

laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of remedial actions, and issuance of injunctions or construction bans or delays on ongoing operations.

OTHER INFORMATION

Williams believes that it has adequate sources and availability of raw materials and commodities to assure the continued supply of its services and products for existing and anticipated business needs. Williams' pipeline systems are all regulated in various ways resulting in the financial return on the investments made in the systems being limited to standards permitted by the regulatory bodies. Each of the pipeline systems has ongoing capital requirements for efficiency and mandatory improvements, with expansion opportunities also necessitating periodic capital outlays.

At December 31, 2001, Williams and its subsidiaries had approximately 12,433 full-time employees, of whom approximately 883 were represented by unions and covered by collective bargaining agreements. Williams' employees are jointly employed by Williams and one of its subsidiaries. Williams considers its relations with its employees to be generally good.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report, excluding historical information, include forward-looking statements -- statements that discuss Williams' expected future results based on current and pending business operations. Williams makes these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements can be identified by words such as "anticipates," "believes," "expects," "planned," "scheduled" or similar expressions. Although Williams believes these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks that could cause future results to be materially different from the results stated or implied in this document.

Events in 2001 significantly impacted the risk environment all businesses face and raised a level of uncertainty in the capital markets that has approached that which lead to the general market collapse of 1929. Beliefs and assumptions as to what constitutes appropriate levels of capitalization and fundamental value have changed abruptly. The collapse of Enron combined with the meltdown of the telecommunications industry are both new realities that have had and will likely continue to have specific impacts on all companies, including Williams.

Following Enron's collapse, the credit rating agencies reacted by substantially shifting the financial criteria that companies must meet in order to support an investment grade credit rating. This change in criteria resulted in, among other things, the need for Williams to increase its equity by reducing its capital spending to a level that allows surplus cash to be generated and to issue new public equity. In addition, the credit rating agencies began to view credit rating downgrade triggers in financial structures as capable of producing an unpredictable event risk, so Williams committed to take action to eliminate credit rating triggers from certain of its financial structures. While Williams responded constructively to these new standards implemented by the credit rating agencies, there is no assurance that the credit rating agencies will not change the standards for maintaining an investment grade credit rating again in the future. The probability of the credit rating agencies changing the standards for maintaining an investment grade credit rating is high if the market remains unsettled or if additional Enron-like events occur.

The meltdown in the telecommunications and dot-com industry sectors combined with the Enron collapse caused lenders to become more conservative with respect to the credit exposure they were willing to take with regard to any company, including Williams. In some extreme cases, lenders sought ways to avoid honoring previous lending commitments or to restructure outstanding loans both by taking legal action and by creating credit or liquidity issues for companies by taking advantage of the heightened sensitivity of the markets to such issues. Williams can provide no assurance that its lenders will not respond in the same manner.

The equity markets have also become much more volatile and perception plays a much more important role in short-term market fluctuations than fundamentals. There is a pronounced downward bias in the markets. The hint of uncertainty or negative news regarding a company results in an abrupt loss of value in that company's stock. While markets have experienced such pressure before for limited periods of time, there is no assurance that the current uncertainty and negative bias will be temporary in nature.

Like its peers, business transactions in each of Williams' businesses, but especially in Williams' Energy Marketing & Trading business, will likely require greater credit assurances, both to be given from and received by Williams' to satisfy credit support requirements. If Williams' credit ratings were to decline below investment grade, its ability to participate in the Energy Marketing & Trading business could be significantly limited. Alternate credit support would be required under certain existing agreements and would be necessary to support future transactions. Without an investment grade rating, Williams would be required to fund margining requirements pursuant to industry standard derivative agreements with cash, letters of credit or other negotiable instruments. At December 31, 2001, the total notional amounts that would require such funding, in the event of a credit rating decline of Williams to below investment grade, is approximately $500 million, before consideration of offsetting positions and margin deposits from the same counterparties. Under extreme circumstances, the level of credit quality and assurances necessary to support the Energy Marketing & Trading business may reach a point that makes it impractical for Williams to continue to pursue the Energy Marketing & Trading business. In addition, the FERC's regulatory response to the events of 2001, including the California power crisis and Enron's bankruptcy, may make it impossible for Williams to conduct its Energy Marketing & Trading business along side its interstate natural gas pipelines business, which is subject to the FERC's direct jurisdiction.

A direct result of the highly-charged political environment caused by the Enron bankruptcy and the various perceived improper activities engaged in by Enron may be the proliferation of laws or regulations that could have a significant impact on the future conduct of all businesses. This proliferation of new laws and regulations may rival the laws and regulations that resulted from the Great Depression. These new laws and regulations could be mandated at the federal level through the legislature or federal agencies such as the Securities and Exchange Commission or Department of Labor, or from state legislatures and agencies. These new rules and regulations could, for example, cause companies to reexamine its employee benefit and compensation plans. More specifically, companies may determine that the risks of maintaining their 401(k) savings plans outweigh the benefits of the 401(k) savings plan to their employees. Other legislative and regulatory responses to the events of 2001 could increase the legal risk of participating on the board or acting as a senior officer of a publicly traded company impairing companies' ability to attract highly qualified individuals for these important positions. Under extreme circumstances, new laws and regulations which result from the events of 2001 could result in Williams adopting a risk avoidance strategy in pursuing its business which would impair its ability to make investments in the business that would provide growth for its shareholders and optimal service levels for its current and potential customers. At a minimum, Williams expects the cost of doing business to increase and the need to operate under more conservative financial structures as permanent outcomes of the current environment.

In addition to the collapse of Enron and the meltdown of the telecommunications industry, the security of our country has been challenged. It has been reported that terrorists may be targeting domestic energy facilities. While Williams is taking appropriate steps to increase the security of its energy assets, there is no assurance that Williams can completely secure its assets because it is impossible to completely protect against such an attack.

While Williams believes that it has the capacity to deal constructively with each of these possible impacts of the events of 2001, it is clear that a dramatic new level of uncertainty has been introduced. That uncertainty makes it impossible for Williams to predict outcomes with respect to any of these impacts with any meaningful level of confidence.

In addition to the factors discussed above, the following are important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted:

- Changes in general economic conditions in the United States and changes in the industries in which Williams conducts business;

- Changes in federal or state laws and regulations to which Williams is subject, including tax, environmental and employment laws and regulations;

- The cost and effects of legal and administrative claims and proceedings against Williams or its subsidiaries;

- Conditions of the capital markets Williams utilizes to access capital to finance operations;

- The ability to raise capital in a cost-effective way;

- The effect of changes in accounting policies;

- The ability to manage rapid growth;

- The ability to control costs;

- The ability of each business unit to successfully implement key systems, such as order entry systems and service delivery systems;

- Changes in foreign economies, currencies, laws and regulations, and political climates, especially in Canada, Argentina, Brazil, Venezuela and Lithuania, where Williams has made direct investments;

- The impact of future federal and state regulations of business activities, including allowed rates of return, the pace of deregulation in retail natural gas and electricity markets, and the resolution of other regulatory matters discussed herein;

- Fluctuating energy commodity prices;

- The ability of Williams to develop expanded markets and product offerings as well as their ability to maintain existing markets;

- The ability of Williams and its subsidiaries to obtain governmental and regulatory approval of various expansion projects;

- The ability of customers of the energy marketing and trading business to obtain governmental and regulatory approval of various projects, including power generation projects;

- Future utilization of pipeline capacity, which can depend on energy prices, competition from other pipelines and alternative fuels, the general level of natural gas and petroleum product demand, decisions by customers not to renew expiring natural gas transportation contracts, and weather conditions;

- The accuracy of estimated hydrocarbon reserves and seismic data;

- The ability to successfully integrate any newly acquired businesses; and

- Global and domestic economic repercussions from terrorist activities and the government's response thereto.

(d) FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

See Item 1(c) for a description of Williams' international activities. See Note 22 for amounts of revenue and long-lived assets attributable to international activities.

ITEM 2. PROPERTIES

See Item 1(c) for a description of the locations and general character of the material properties of Williams and its subsidiaries.

ITEM 3. LEGAL PROCEEDINGS

For information regarding certain proceedings pending before federal regulatory agencies, see Note 19 of Notes to Consolidated Financial Statements. Williams is also subject to other ordinary routine litigation incidental to its businesses.

Environmental matters. Since 1989, Texas Gas and Transco have had studies under way to test certain of their facilities for the presence of toxic and hazardous substances to determine to what extent, if any, remediation may be necessary. Transco has responded to data requests regarding such potential contamination of certain of its sites. The costs of any such remediation will depend upon the scope of the remediation. At December 31, 2001, these subsidiaries had accrued liabilities totaling approximately $33 million for these costs.

Certain Williams' subsidiaries, including Texas Gas and Transco have been identified as potentially responsible parties (PRP) at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. Although no assurances can be given, Williams does not believe that these obligations or the PRP status of these subsidiaries will have a material adverse effect on its financial position, results of operations or net cash flows.

Transco, Texas Gas and Central have identified polychlorinated biphenyl (PCB) contamination in air compressor systems, soils and related properties at certain compressor station sites. Transco, Texas Gas and Central have also been involved in negotiations with the EPA and state agencies to develop screening, sampling and cleanup programs. In addition, negotiations with certain environmental authorities and other programs concerning investigative and remedial actions relative to potential mercury contamination at certain gas metering sites have been commenced by Central, Texas Gas and Transco. As of December 31, 2001, Central had accrued a liability for approximately $9 million, representing the current estimate of future environmental cleanup costs to be incurred over the next six to ten years. Texas Gas and Transco likewise had accrued liabilities for these costs, which are included in the $33 million liability mentioned above. Actual costs incurred will depend on the actual number of contaminated sites identified, the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA and other governmental authorities and other factors.

In July 1999, Transco received a letter stating that the DOJ, at the request of the EPA, intends to file a civil action against Transco arising from its waste management practices at Transco's compressor stations and metering stations in 11 states from Texas to New Jersey. Transco, the EPA and the DOJ agreed to settle this matter by signing a Consent Decree that provides for a civil penalty of $1.4 million.

Williams Energy and its subsidiaries also accrue environmental remediation costs for its natural gas gathering and processing facilities, petroleum products pipelines, retail petroleum and refining operations and for certain facilities related to former propane marketing operations primarily related to soil and groundwater contamination. In addition, Williams Energy owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At December 31, 2001, Williams Energy and its subsidiaries had accrued liabilities totaling approximately $43 million. Williams Energy accrues receivables related to environmental remediation costs based upon an estimate of amounts that will be reimbursed from state funds for certain expenses associated with underground storage tank problems and repairs. At December 31, 2001, Williams Energy and its subsidiaries had accrued receivables totaling $1 million.

Williams Field Services (WFS), a subsidiary of Williams Energy, received a Notice of Violation (NOV) from the EPA in February 2000. WFS received a contemporaneous letter from the DOJ indicating that DOJ will also be involved in the matter. The NOV alleged violations of the Clean Air Act at a gas processing plant. WFS, the EPA and the DOJ agreed to settle this matter for a penalty of $850,000. In the course of

investigating this matter, WFS discovered a similar potential violation at the plant and disclosed it to the EPA and the DOJ. In December 2001, the EPA, DOJ and WFS agreed to settle this self-reported matter by signing a Consent Decree that provides for a civil penalty of $950,000.

In connection with the 1987 sale of the assets of Agrico Chemical Company, Williams agreed to indemnify the purchaser for environmental cleanup costs resulting from certain conditions at specified locations, to the extent such costs exceed a specified amount. At December 31, 2001, Williams had approximately $10 million accrued for such excess costs. The actual costs incurred will depend on the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from Williams' pipelines, pipeline systems and pipeline facilities used in the movement of oil or petroleum products, during the period July 1, 1998, through July 2, 2001. In November 2001, Williams furnished its response.

Other legal matters. In connection with agreements to resolve take-or-pay and other contract claims and to amend gas purchase contracts, Transco and Texas Gas each entered into certain settlements with producers which may require the indemnification of certain claims for additional royalties which the producers may be required to pay as a result of such settlements. As a result of such settlements, Transco is currently defending three lawsuits brought by producers. In one of the cases, a jury verdict found that Transco was required to pay a producer damages of $23.3 million including $3.8 million in attorneys' fees. In addition, through December 31, 2001, post judgment interest was approximately $10.5 million. Transco's appeals have been denied by the Texas Court of Appeals for the First District of Texas, and on April 2, 2001, the company filed an appeal to the Texas Supreme Court. On February 21, 2002, the Texas Supreme Court denied Transco's petition for review. As a result, Transco recorded a pre-tax charge to income for the year ended December 31, 2001, in the amount of $37 million representing management's estimate of the effect of this ruling. Transco plans to request rehearing of the court's decision. In the other cases, producers have asserted damages, including interest calculated through December 31, 2001, of approximately $16.3 million. Producers have received and may receive other demands, which could result in additional claims. Indemnification for royalties will depend on, among other things, the specific lease provisions between the producer and the lessor and the terms of the settlement between the producer and either Transco or Texas Gas. Texas Gas may file to recover 75 percent of any such additional amounts it may be required to pay pursuant to indemnities for royalties under the provisions of Order 528.

On June 8, 2001, 14 Williams entities were named as defendants in a nationwide class action lawsuit which has been pending against other defendants, generally pipeline and gathering companies, for more than one year. The plaintiffs allege that the defendants, including the Williams defendants, have engaged in mismeasurement techniques that distort the heating content of natural gas, resulting in an alleged underpayment of royalties to the class of producer plaintiffs. In September 2001, the plaintiffs voluntarily dismissed two of the 14 Williams entities named as defendants. In November 2001, Williams, along with other Coordinating Defendants, filed a motion to dismiss under Rules 9b and 12b of the Kansas Rules of Civil Procedure. In January 2002, most of the Williams defendants, along with a group of Coordinating Defendants, filed a motion to dismiss for lack of personal jurisdiction. The court has not yet ruled on these motions. In the next several months, the Williams entities will join with other defendants in contesting certification of the plaintiff class.

In 1998, the DOJ informed Williams that Jack Grynberg, an individual, had filed claims in the United States District Court for the District of Colorado under the False Claims Act against Williams and certain of its wholly owned subsidiaries including Central, Kern River, Northwest Pipeline, WGP, Transco, Texas Gas, WFS and Williams Production Company. Mr. Grynberg has also filed claims against approximately 300 other energy companies and alleges that the defendants violated the False Claims Act in connection with the measurement and purchase of hydrocarbons. The relief sought is an unspecified amount of royalties allegedly not paid to the federal government, treble damages, a civil penalty, attorneys' fees, and costs. On April 9, 1999, the DOJ announced that it was declining to intervene in any of the Grynberg qui tam cases, including the action filed against the Williams entities in the United States District Court for the District of Colorado. On

October 21, 1999, the Panel on Multi-District Litigation transferred all of the Grynberg qui tam cases, including those filed against Williams, to the United States District Court for the District of Wyoming for pre-trial purposes. Motions to dismiss the complaints, filed by various defendants, including Williams, were denied on May 18, 2001.

Between November 2000 and May 2001, class actions were filed on behalf of San Diego ratepayers against California power generators and traders including Williams Energy Marketing & Trading Company, a subsidiary of Williams. These lawsuits concern the increase in power prices in California during the summer of 2000 through the winter of 2000-01. The suits claim that the defendants acted to manipulate prices in violation of the California antitrust and business practice statutes and other state and federal laws. Plaintiffs are seeking injunctive relief as well as restitution, disgorgement, appointment of a receiver, and damages, including treble damages. These cases have been consolidated before the San Diego County Superior Court. Numerous other state and federal investigations regarding California power prices are also underway that involve Williams Energy Marketing & Trading Company.

Since January 29, 2002, Williams is aware of numerous shareholder class action suits that have been filed in the United States District Court for the Northern District of Oklahoma. The majority of the suits allege that Williams and co-defendants, Williams Communications and certain corporate officers, have acted jointly and separately to inflate the stock price of both companies. Other suits allege similar causes of action related to a public offering in early January 2002, known as the FELINE PACS offering. This case was filed against Williams, certain corporate officers, all members of the Williams board of directors and all of the offerings' underwriters. Williams does not anticipate any immediate action by the Court in these actions. In addition, class action complaints have been filed against Williams and the members of its board of directors under the Employee Retirement Income Security Act by participants in Williams' 401(k) plan based on similar allegations.

Summary

While no assurances may be given, Williams, based on advice of counsel, does not believe that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, will have a materially adverse effect upon Williams' future financial position, results of operations or cash flow requirements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF WILLIAMS

The names, ages, positions and earliest election dates of the executive officers of Williams are:

NAME	AGE	POSITIONS AND OFFICES HELD	HELD OFFICE SINCE
Gary R. Belitz......................	52	Controller -- Williams (Principal Accounting Officer)	01-01-92
William E. Hobbs....................	42	Chairman of the Board, President and Chief Executive Officer -- Williams Energy Marketing & Trading Company	02-04-00
Michael P. Johnson, Sr.	54	Senior Vice President, Human Resources -- Williams	05-01-99
Steven J. Malcolm...................	53	President and Director -- Williams (Principal Executive Officer)	09-21-01
		Chief Executive Officer	01-20-02
Jack D. McCarthy....................	59	Senior Vice President, Finance -- Williams (Principal Financial Officer)	01-01-92
William G. von Glahn................	58	Senior Vice President and General Counsel -- Williams	08-01-96
J. Douglas Whisenant................	55	President and Chief Executive Officer -- Williams Gas Pipeline Company, LLC	12-28-01
Phillip D. Wright...................	46	President and Chief Executive Officer -- Williams Energy Services, LLC	09-21-01

Except for Mr. Johnson, all of the above officers have been employed by Williams or its subsidiaries as officers or otherwise for more than five years and have had no other employment during the period. Prior to joining Williams, Mr. Johnson held various officer positions with Amoco Corporation for more than five years.

Mr. Keith E. Bailey resigned as Chief Executive Officer of Williams on January 20, 2002, but continues to serve as the Chairman of the Board.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Williams' common stock is listed on the New York and Pacific Stock exchanges under the symbol "WMB." At the close of business on December 31, 2001, Williams had approximately 15,017 holders of record of its Common Stock. The high and low closing sales price ranges (composite transactions) and dividends declared by quarter for each of the past two years are as follows:

	2001			2000		
QUARTER	HIGH	LOW	DIVIDEND	HIGH	LOW	DIVIDEND
1st..............................	$45.90	$34.56	$.15	$48.69	$30.31	$.15
2nd..............................	$43.55	$32.40	$.15	$44.50	$35.50	$.15
3rd..............................	$33.97	$24.99	$.18	$47.63	$39.98	$.15
4th..............................	$30.43	$22.10	$.20	$44.06	$31.81	$.15

Terms of certain subsidiaries' borrowing arrangements limit transfer of funds to Williams. These terms have not impeded, nor are they expected to impede, Williams' ability to meet its cash flow needs.

ITEM 6. SELECTED FINANCIAL DATA

The following financial data as of December 31, 2001 and 2000 and for the three years ended December 31, 2001 are an integral part of, and should be read in conjunction with, the consolidated financial statements and notes thereto. All other amounts have been prepared from the Company's financial records. Certain amounts below have been restated or reclassified (see Note 1). Information concerning significant trends in the financial condition and results of operations is contained in Management's Discussion & Analysis of Financial Condition and Results of Operations on pages 37 through 69 of this report.

	2001	2000	1999	1998	1997
	(MILLIONS, EXCEPT PER-SHARE AMOUNTS)				
Revenues(1)	$11,034.7	$9,591.9	$6,629.4	$5,660.0	$6,800.4
Income from continuing operations(2)	835.4	965.4	354.9	249.1	441.2
Loss from discontinued operations(3)	(1,313.1)	(441.1)	(198.7)	(122.0)	(10.7)
Extraordinary gain (loss)(4)	--	--	65.2	(4.8)	(79.1)
Diluted earnings (loss) per share:					
Income from continuing operations	1.67	2.15	.79	.56	1.02
Loss from discontinued operations	(2.62)	(.98)	(.44)	(.28)	(.03)
Extraordinary gain (loss)	--	--	.15	(.01)	(.18)
Total assets at December 31	38,906.2	34,776.6	21,682.1	17,900.2	15,802.6
Long-term debt at December 31	9,500.7	6,830.5	7,240.2	6,363.1	5,225.8
Preferred interests in consolidated subsidiaries at December 31	976.4	877.9	335.1	335.1	--
Williams obligated mandatorily redeemable preferred securities of Trust at December 31	--	189.9	175.5	--	--
Stockholders' equity at December 31(5)	6,044.0	5,892.0	5,585.2	4,257.4	4,237.8
Cash dividends per common share	.68	.60	.60	.60	.54

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(1) See Note 1 for discussion of change in management of certain operations, previously conducted by Energy Marketing & Trading, that were transferred to Petroleum Services. The sales activity which was transferred was previously reported on a "net" basis and is now reported on a "gross" basis. Also in 1998, there was a change in the reporting of certain marketing activities from a "gross" basis to a "net" basis consistent with fair value accounting.

(2) See Note 4 for discussion of write-downs of certain Williams Communications Group, Inc. (WCG) related assets in 2001 and see Note 5 for discussion of asset sales, impairments and other accruals in 2001, 2000 and 1999. Income from continuing operations in 1997 includes a $66 million pre-tax gain on the sale of Williams' interest in the natural gas liquids and condensate reserves in the West Panhandle field in Texas.

(3) See Note 3 for the discussion of the 2001, 2000 and 1999 losses from discontinued operations. The loss from discontinued operations for 1998 and 1997 relates to the operations of WCG and the sale of the MAPCO coal business.

(4) See Note 7 for discussion of the 1999 extraordinary gain. The extraordinary loss for 1998 and 1997 relates to redemption of higher interest rate debt.

(5) See Note 2 for discussion of the 2001 issuance of common stock for the Barrett acquisition, Note 3 for discussion of the WCG spinoff and Note 16 for discussion of Williams' January 2001 common stock issuance. See Note 3 for discussion of the 1999 issuance of subsidiary's common stock.

ITEM 7. MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT EVENTS

Since the fourth quarter 2001 events surrounding the Enron bankruptcy filing, Williams has been engaged in various discussions with investors, analysts, rating agencies and financial institutions regarding the liquidity implications of such to the business strategy of Williams' energy trading activities. More recently, Williams has also been evaluating its contingent obligations regarding guarantees and payment obligations with respect to certain financial obligations of Williams Communications Group, Inc. (WCG) because of uncertainty regarding its ability to perform. In addition, WCG has also announced that it is considering reorganizing under Chapter 11 bankruptcy laws. Both of these situations have resulted in rating agencies issuing statements in February 2002 confirming investment grade ratings, but with certain negative implications. Williams has announced that it is committed to strengthen its balance sheet and retain investment grade ratings and has taken significant steps since the first of the year to ensure that this occurs. Williams has a substantial and diverse asset base that provides strong support for its credit.

Following is a summary of the steps that are in progress which Williams believes will strengthen its balance sheet and ensure retention of its investment grade ratings.

- A $1 billion reduction in planned capital expenditures

- Generate proceeds from sales of assets during 2002

- Initiation of action to eliminate ratings triggers on certain obligations and contingencies that do not appear as debt on the Consolidated Balance Sheet, including the guarantees and payment obligations for WCG's debt

- A $50 million reduction from the company's cost structure pursuant to right-sizing the organization as an energy-only business

Each of these are discussed in more detail within the Liquidity and Other sections that follow.

GENERAL

On March 30, 2001, the board of directors of Williams approved a tax-free spinoff of Williams' communications business, WCG, to Williams' shareholders. On April 23, 2001, Williams distributed 398.5 million shares, or approximately 95 percent of the WCG common stock held by Williams, to holders of record of Williams common stock. As a result, the consolidated financial statements reflect WCG as discontinued operations.

In December 2001 and January 2002, the Securities and Exchange Commission (SEC) issued statements regarding disclosures by companies within their Management's Discussion & Analysis of Financial Condition and Results of Operations for 2001. In those statements, the SEC cited certain items that companies should consider including in the 2001 Form 10-Ks, including identification of critical accounting policies and expanded disclosure of certain liquidity matters, certain energy trading activities and transactions similar to related party activities. The following discussions include items that the SEC has encouraged companies to disclose.

Unless otherwise indicated, the following discussion and analysis of results of operations, financial condition and liquidity relates to the continuing operations of Williams and should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8.

CRITICAL ACCOUNTING POLICIES & ESTIMATES

Our financial statements reflect the selection and application of accounting policies which require management to make significant estimates and assumptions. We believe that the following are some of the more critical judgment areas in the application of our accounting policies that currently affect our financial condition and results of operations.

Revenue Recognition -- Gas Pipeline

Most of Gas Pipeline's businesses are regulated by the Federal Energy Regulatory Commission (FERC). The FERC regulatory processes and procedures govern the tariff rates that the Gas Pipeline subsidiaries are permitted to charge customers for natural gas sales and services, including the interstate transportation and storage of natural gas. Accordingly, certain revenues are collected by Gas Pipeline which may be subject to refunds upon final orders in pending rate cases with the FERC. In recording estimates of refund obligations, Gas Pipeline takes into consideration Gas Pipeline's and other third-parties regulatory proceedings, advice of counsel and estimated total exposure, as discounted and risk weighted, as well as collection and other risks. At December 31, 2001, approximately $96 million was recorded as subject to refund, reflecting management's estimate of amounts invoiced to customers that may ultimately require refunding. Currently, certain of the Gas Pipeline subsidiaries are involved in rate case proceedings. Depending on the results of these proceedings, the actual amounts allowed to be collected from customers could differ from management's estimate.

Revenue Recognition -- Energy Marketing & Trading

Energy Marketing & Trading has energy risk management and trading operations that enter into energy contracts to provide price-risk management services to its customers. Energy and energy-related contracts utilized in energy risk management trading activities are recorded at fair value with the net change in fair value of those contracts representing unrealized gains and losses recognized in income currently. The fair value of energy and energy-related contracts is determined based on the nature of the transaction and the market in which transactions are executed. Certain contracts are executed in markets exchange traded or over-the-counter where quoted prices in active markets exist. Transactions are also executed in exchange-traded or over-the-counter markets for which market prices may exist however, the market may be inactive and price transparency is limited. Transactions are also executed for which quoted market prices are not available. Determining fair value for certain contracts involves complex assumptions and judgments when estimating prices at which market participants would transact if a market existed for the contract or transaction.

Certain energy-related contracts such as transportation, storage, load servicing and tolling arrangements require Energy Marketing & Trading to assess whether these contracts are executory service arrangements or leases pursuant to Statement of Financial Accounting Standards (SFAS) No. 13, "Accounting for Leases." Energy-related contracts that are determined to be executory contracts are accounted for at fair value. Currently, Williams does not account for any of the energy-related contracts as leases. There currently is not extensive authoritative guidance for determining when an arrangement is a lease or an executory service arrangement. As a result, Williams assesses each of its energy-related contracts and makes the determination based on the substance of each contract focusing on factors such as physical and operational control of the related asset, risks and rewards of owning, operating and maintaining the related asset and other contractual terms. The issue of whether contracts such as these energy-related contracts are an executory contract or a lease is currently being discussed by the Financial Accounting Standards Board's Emerging Issues Task Force. The discussions surrounding this issue are in the early stages of development and any consensus reached on these issues could ultimately impact Williams' accounting for these contracts.

Additional discussion of the accounting for energy and energy-related contracts at fair value is included in Note 1 of the Notes to Consolidated Financial Statements and pages 53 through 59 of Management's Discussion & Analysis of Financial Condition and Results of Operations.

Valuation of Deferred Tax Assets

Williams is required to assess the ultimate realization of deferred tax assets generated from the basis difference in certain investments and businesses. This assessment takes into consideration tax planning strategies, including assumptions regarding the availability and character of future taxable income. At December 31, 2001, Williams maintains $173.3 million of valuation allowances for deferred tax assets from basis differences in investments for which the ultimate realization of the tax asset may be dependent on the availability of future capital gains. The ultimate amount of deferred tax assets realized could be materially

different from those recorded, as influenced by potential changes in federal income laws and the circumstances upon the actual realization of related tax assets.

Impairment of Long-Lived Assets

Williams evaluates the long-lived assets, including other intangibles and related goodwill, of identifiable business activities for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. In addition to those long-lived assets for which impairment charges were recorded (see Note 5), others were reviewed for which no impairment was required under a "held for use" computation. These computations utilized judgments and assumptions inherent in management's estimate of undiscounted future cash flows to determine recoverability of an asset. It is possible that a computation under a "held for sale" situation for certain of these long-lived assets could result in a significantly different assessment because of market conditions, specific transaction terms and a buyer's different viewpoint of future cash flows.

Contingent Liabilities

Williams establishes reserves for estimated loss contingencies when it is management's assessment that a loss is probable and the amount of the loss can be reasonably estimated. Revisions to contingent liabilities are reflected in income in the period in which different facts or information become known or circumstances change that affect the previous assumptions with respect to the likelihood or amount of loss. Reserves for contingent liabilities are based upon management's assumptions and estimates, advice of legal counsel or other third parties regarding the probable outcomes of the matter. Should the outcome differ from the assumptions and estimates, revisions to the estimated reserves for contingent liabilities would be required.

RESULTS OF OPERATIONS

CONSOLIDATED OVERVIEW

The following table and discussion is a summary of Williams' consolidated results of operations. The results of operations by segment are discussed in further detail beginning on page 42.

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	(MILLIONS)		
Revenues	$11,034.7	$9,591.9	$6,629.4
Operating income	$ 2,450.0	$2,206.0	$1,166.6
Interest accrued -- net	(746.8)	(659.1)	(555.7)
Investing income (loss)	(198.4)	106.1	25.1
Preferred returns and minority interest in income of consolidated subsidiaries	(67.5)	(58.0)	(38.2)
Other income (expense) -- net	28.3	.3	(12.1)
Income from continuing operations before income taxes and extraordinary gain	1,465.6	1,595.3	585.7
Provision for income taxes	(630.2)	(629.9)	(230.8)
Income from continuing operations	835.4	965.4	354.9
Loss from discontinued operations	(1,313.1)	(441.1)	(198.7)
Income (loss) before extraordinary gain	(477.7)	524.3	156.2
Extraordinary gain	--	--	65.2
Net income (loss)	$ (477.7)	$ 524.3	$ 221.4

2001 vs. 2000

Consolidated Overview. Williams' revenues increased $1.4 billion, or 15 percent, due primarily to higher gas and electric power trading and services margins, a full year of Canadian operations within Midstream Gas & Liquids acquired in fourth-quarter 2000, higher petroleum products revenues, higher natural gas sales prices and revenues from Barrett Resources Corporation (Barrett) acquired in third-quarter 2001. In addition, the revenue increase includes the $582 million effect of reporting certain revenues net of the related costs in 2000 related to sales activity surrounding certain terminals. The revenues related to the sales activity around certain terminals are reported "gross" subsequent to the transfer of management over the sales activity from Energy Marketing & Trading to Petroleum Services effective February 2001 (see Note 1 of the Notes to Consolidated Financial Statements). Partially offsetting these increases was a decrease of $283 million in revenues related to the 198 convenience stores sold in May 2001, $116 million decrease in domestic natural gas liquids revenues and the effect in 2000 of a $74 million reduction of Gas Pipeline's rate refund liabilities.

Segment costs and expenses increased $1.2 billion, or 16 percent, due primarily to higher petroleum product costs, costs for a full year of Canadian operations acquired in fourth-quarter 2000, operating costs associated with Barrett acquired in third-quarter 2001 and the impact of reporting certain sales activity costs net with related revenues in 2000 (discussed above). Additionally, the increase reflects a $170 million impairment charge related to the Colorado soda ash mining facility within International. These increases were partially offset by a $286 million decrease in costs as a result of the sale of 198 convenience stores in May 2001 and the $75.3 million gain on the sale of these convenience stores.

Operating income increased $244.0 million, or 11 percent, due primarily to higher gas and electric power service margins, the $75.3 million pre-tax gain on the sale of the convenience stores in May 2001, higher margins at refining and marketing operations, increased realized natural gas sales prices, the impact of Barrett and the effect in 2000 of $63.8 million in guarantee loss accruals and impairment charges at Energy Marketing & Trading. Partially offsetting these increases were lower per-unit natural gas liquids margins at Midstream Gas & Liquids, the $170 million impairment charge within International, the $74 million effect in 2000 of reduction to rate refund liabilities and approximately $41 million of impairment charges and loss accruals within Energy Services. Included in operating income are general corporate expenses which increased $27.1 million, or 28 percent, due primarily to an increase in advertising costs (which includes a branding campaign of $12 million) and higher charitable contributions.

Interest accrued -- net increased $87.7 million, or 13 percent, due primarily to the $72 million effect of higher borrowing levels offset by the $48 million effect of lower average interest rates, $19 million in interest expense related to an unfavorable court decision involving Transcontinental Gas Pipe Line (Transco), a $14 million increase in interest expense related to deposits received from customers relating to energy risk management and trading and hedging activities, a $14 million increase in amortization of debt expense and a $4 million increase in interest expense on rate refund liabilities. The increase in long-term debt includes the $1.1 billion of senior unsecured debt securities issued in January 2001 and $1.5 billion of long-term debt securities issued in August 2001 related to the cash portion of the Barrett acquisition.

Investing income decreased $304.5 million, due primarily to fourth-quarter 2001 charges for a $103 million provision for doubtful accounts related to the minimum lease payments receivable from WCG, an $85 million provision for doubtful accounts related to a $106 million deferred payment for services provided to WCG and a $25 million write-down of the remaining investment basis in WCG common stock (see Note 3). In addition, the decrease also reflects a $94.2 million charge in third-quarter 2001, representing declines in the value of certain investments, including $70.9 million related to Williams' investment in WCG and $23.3 million related to losses from other investments, which were deemed to be other than temporary (see Note 4). In addition, the decrease in investing income reflects a $13 million decrease in dividend income due to the sale of the Ferrellgas Partners L.P. (Ferrellgas) senior common units in second-quarter 2001. The decreases to investing income (loss) were slightly offset by increased interest income of $17 million related to margin deposits. Preferred returns and minority interest in income of consolidated subsidiaries increased $9.5 million, or 16 percent, due primarily to preferred returns of Snow Goose LLC, formed in December 2000, and minority interest in income of Williams Energy Partners L.P., partially offset by a $10 million decrease of

preferred returns related to the second-quarter 2001 redemption of Williams obligated mandatorily redeemable preferred securities of Trust.

Other income (expense) -- net increased $28 million due primarily to a $12 million increase in capitalization of interest on internally generated funds related to various capital projects at certain FERC regulated entities and $6 million lower losses from the sales of receivables to special purpose entities (see Note 18).

The provision for income taxes is comparable for both years. The effective income tax rate for 2001 is greater than the federal statutory rate due primarily to valuation allowances associated with the investing losses, for which no tax benefits were provided plus the effects of state income taxes. The effective income tax rate for 2000 is greater than the federal statutory rate due primarily to the effects of state income taxes.

Loss from discontinued operations for 2001 includes a $1.17 billion after-tax charge related to accruals for contingent obligations related to guarantees and payment obligations related to WCG and a $147.5 million after-tax loss from operations of WCG (see Note 3). The $441.1 million loss from discontinued operations for 2000 represents the after-tax losses from the operations of WCG.

2000 vs. 1999

Consolidated Overview. Williams' revenues increased $3 billion, or 45 percent, due primarily to higher revenues from natural gas and electric power services, increased petroleum products and natural gas liquids average sales prices and sales volumes and the contribution from Canadian operations within Midstream Gas & Liquids acquired in fourth-quarter 2000. Partially offsetting these increases were lower fleet management, retail natural gas, electric and propane revenues following the 1999 sales of these businesses.

Segment costs and expenses increased $1.9 billion, or 35 percent, due primarily to higher costs related to increased petroleum products and natural gas liquids average purchase prices and volumes purchased and costs related to the Canadian operations acquired in fourth-quarter 2000. Also contributing to the increases were higher variable compensation levels associated with improved performance and higher impairment charges and guarantee loss accruals at Energy Marketing & Trading. Partially offsetting these increases were lower fleet management, retail natural gas, electric and propane costs following the sales of these businesses in 1999.

Operating income increased $1.0 billion, or 89 percent, primarily reflecting improved natural gas and electric power services margins and higher per-unit natural gas liquids margins at Midstream Gas & Liquids, increased transportation demand revenues and the net effect of reductions to rate refund liabilities in 2000 over 1999, partially offset by higher variable compensation levels and the higher impairment charges and guarantee loss accruals in 2000. Included in operating income are general corporate expenses, which increased $20.3 million, or 26 percent, and include $15.2 million and $9.0 million in 2000 and 1999, respectively, of general corporate costs that would have otherwise been allocated to discontinued operations.

Interest accrued -- net increased $103.4 million, or 19 percent, due primarily to the $71 million effect of higher borrowing levels combined with the $49 million effect of higher average interest rates. These increases reflect the higher levels of short-term borrowing towards the end of 2000. Investing income (loss) increased $81 million due primarily to $33 million higher interest income, $28 million from higher net earnings from equity investments and $18 million higher dividend income associated primarily with the Ferrellgas senior common units.

Preferred returns and minority interest in income of consolidated subsidiaries increased $19.8 million. The change is due primarily to the preferred returns related to Williams obligated mandatorily redeemable preferred securities of Trust issued in December 1999.

The provision for income taxes increased $399.1 million primarily due to higher pre-tax income. The effective income tax rate in 2000 and 1999 exceeds the federal statutory rate due primarily to the effects of state income taxes.

Loss from discontinued operations includes the results of WCG in 2000 and 1999. WCG's losses in 2000 include a $323.9 million estimated pre-tax loss on disposal of a WCG segment that installs and maintains communications equipment and network services. In January 2001, WCG approved a plan for the disposal of its Solutions segment. Excluding the loss on disposal, WCG's pre-tax loss decreased $19.6 million as compared to 1999. Revenues increased over 1999 due primarily to growth in voice and data services partially offset by lower dark fiber revenue. WCG's expenses increased due primarily to the growth of network operations and infrastructure. WCG had increased operating losses as a result of providing customer services prior to completion of the new network, higher depreciation and network lease expense as the network is brought into service and higher selling, general and administrative expenses including costs associated with infrastructure growth and improvement. WCG also had higher interest expense as a result of increased debt levels in support of continued expansion and new projects. WCG's increased operating losses were substantially offset by higher investing income including a $214.7 million gain from the conversion of WCG's common stock investment in Concentric Network Corporation for common stock of XO Communications, Inc. (formerly Nextlink Communications, Inc.) pursuant to a merger of those companies in June 2000, net gains totaling $93.7 million from the sale of certain marketable equity securities, a $16.5 million gain on the sale of a portion of the investment in ATL-Algar Telecom Leste S.A. (ATL) and higher interest income. These were partially offset by $34.5 million of losses related to write-downs of certain cost basis and equity investments.

The $65.2 million 1999 extraordinary gain results from the sale of Williams' retail propane business (see Note 7).

Williams is organized into three industry groups: Energy Marketing & Trading, Gas Pipeline and Energy Services (includes Exploration & Production, International, Midstream Gas & Liquids, Petroleum Services, and Williams Energy Partners). Williams evaluates performance based upon segment profit (loss) from operations (see Note 22). The following discussions relate to the results of operations of Williams' segments.

ENERGY MARKETING & TRADING

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
		(MILLIONS)	
Segment revenues	$1,871.8	$1,572.6	$662.3
Segment profit	$1,271.5	$1,007.9	$104.0

2001 vs. 2000

Energy Marketing & Trading's revenues increased by $299.2 million or 19 percent in 2001, due to a $411 million increase in risk management and trading revenues, partially offset by a $112 million decrease in non-trading revenues.

The $411 million increase in risk management and trading revenues results primarily from an increase in risk management activities surrounding Energy Marketing & Trading's power tolling portfolio. As further discussed in Note 18 of the Notes to Consolidated Financial Statements, power tolling agreements provide Energy Marketing & Trading the right, but not the obligation, to call on the counterparty to convert natural gas to electricity at a predefined heat conversion rate. Energy Marketing & Trading benefited from higher natural gas and electric power services margins through the first quarter of 2001 from power tolling agreements previously recognized in 2000. Energy Marketing & Trading, through its origination of new contracts, executed several offsetting positions throughout the year to mitigate declines in these margins that occurred subsequent to the first quarter 2001. These new contracts consisted of full requirements, load serving and power supply agreements and typically have terms of up to 15 years (see Note 18). Execution of these contracts has the effect of reducing the risk of future changes in natural gas and power prices within the portfolio and also provides further insight into the prices for which third parties are willing to exchange in illiquid periods. This additional insight provides better information for the valuation of other existing contracts which generally has the effect of increasing the value recognized on these existing contracts. Subsequent to the

execution of these origination transactions, natural gas and power prices declined dramatically. As a result of Energy Marketing & Trading's management strategies, this reduction had minimal impact to the overall portfolio fair value. Also contributing to the increase in the risk management and trading revenues during 2001 is an increase in successful forward natural gas financial trading.

Through a variety of energy commodity and derivative contracts, Energy Marketing & Trading has credit exposure to Enron and certain of its subsidiaries which have sought protection from creditors under Chapter 11 of the U.S. Bankruptcy Code. During fourth-quarter 2001, Energy Marketing & Trading recorded a reduction in trading revenues of approximately $130 million through the valuation of contracts with Enron. Approximately $91 million of this reduction in value was recorded pursuant to events immediately proceeding and following Enron's announced bankruptcy. At December 31, 2001, Williams has reduced its exposure to accounts receivable from Enron, net of margin deposits, to expected recoverable amounts.

Additional discussion of the accounting for energy risk management and trading activities at fair value is included in Note 1 of the Notes to Consolidated Financial Statements and pages 53 through 59 of Management's Discussion & Analysis of Financial Condition and Results of Operations.

The $112 million decrease in non-trading revenues is due primarily to declining prices on ethane and lower ethylene volumes and prices related to marketing of products of a petrochemical plant acquired by Williams in early 1999. These decreases were partially offset by a $4 million increase in non-trading power services revenues.

Costs and operating expenses decreased by $95 million, or 32 percent, due primarily to lower ethane, propane, and olefin prices in 2001, partially offset by higher cost of sales and operating expenses relating to the non-trading power services activities. These variances are associated with the corresponding changes in non-trading revenues discussed above.

Other (income) expense -- net in 2000 includes $47.5 million in guarantee loss accruals and impairment charges (see Note 5), a $16.3 million impairment of assets related to a distributed power generation business, and a $12.4 million gain on the sale of certain natural gas liquids contracts. Included in 2001, is a $13.3 million impairment of assets related to a terminated expansion project.

Segment profit increased $263.6 million due primarily to the $411 million higher trading revenues discussed above and the effect of the $63.8 million of guarantee loss accruals and impairment charges in 2000. Partially offsetting these increases were $141 million higher selling, general and administrative costs, $27 million lower margins from non-trading natural gas liquids operations, a $23.3 million loss from the write-downs of marketable equity securities and a cost-based investment (see Note 4), the $13.3 million impairment of assets related to a terminated expansion project, and the $12.4 million effect of the 2000 gain on sale of certain natural gas liquids contracts. The higher selling, general and administrative costs primarily reflect $40 million of higher variable compensation levels associated with improved operating performance, increased outside service costs, increased costs as a result of additional staff, as well as $13 million of increased charitable contributions to state universities, and $19 million of costs related to a European trading and marketing office in London which began operations in 2001.

2000 vs. 1999

Energy Marketing & Trading's revenues increased $910.3 million, or 137 percent, due to a $1,071 million increase in trading revenues partially offset by a $161 million decrease in non-trading revenues. The $1,071 million increase in trading revenues is due primarily to higher natural gas and electric power services margins. The higher gas and electric power services margins reflect the benefit of price volatility and increased demand for ancillary services, primarily in the western region of the United States, expanded price risk management services including higher structured transactions margins, increased overall market demand and increased trading volumes. The increased trading volumes and price risk management services reflect the expansion of the power trading portfolio to include an additional 2,350 megawatts from contracts giving Energy Marketing & Trading the right to market combined capacity from three power generating plants which were signed in late 1999 and early 2000. At December 31, 2000, Energy Marketing & Trading had rights to

market 7,000 megawatts of electric generation capacity for periods ranging from 15 to 20 years. Of the 7,000 megawatts, approximately 4,000 megawatts are from facilities in California.

The $161 million decrease in non-trading revenues is due primarily to $226 million lower revenues following the sale of retail natural gas, electric and propane businesses in 1999, partially offset by $19 million higher revenues from a distributed power generation business that was transferred from Petroleum Services during 2000 and $33 million higher natural gas liquids revenues resulting from higher average sales prices and volumes attributable to marketing the products of a petrochemical plant that was acquired by Williams in early 1999.

Costs and operating expenses decreased $129 million, or 30 percent, due primarily to lower natural gas, electric and propane cost of sales and operating expenses of $112 million and $91 million, respectively, partially offset by $20 million higher cost of sales and operating expenses relating to the distributed power generation business and $25 million higher natural gas liquids cost of sales attributable to the petrochemical plant. These variances are associated with the corresponding changes in non-trading revenues discussed above.

Other (income) expense -- net changed unfavorably from income of $23 million in 1999 to expense of $48 million in 2000. The expense for 2000 includes $47.5 million of guarantee loss and impairment accruals (see Note 5) and a $16.3 million impairment of assets to fair value based on expected net proceeds related to management's decision and commitment to sell its distributed power generation business. Partially offsetting these 2000 charges was a $12.4 million gain on the sale of certain natural gas liquids contracts. Other (income) expense -- net in 1999 includes a $22.3 million gain on the sale of retail natural gas and electric operations.

Segment profit increased $903.9 million, from $104 million in 1999 to $1,007.9 million in 2000, due primarily to $1,073 million higher trading margins primarily related to natural gas and electric power services. Partially offsetting the higher margins were $66 million higher selling, general and administrative costs, the $47.5 million guarantee loss and impairment accruals, the $16.3 million impairment of the distributed power generation business, the $22.3 million gain in 1999 on sale of retail natural gas and electric operations and a $23 million lower contribution from retail natural gas, electric and propane following the sale of those businesses in 1999. The higher selling, general and administrative costs primarily reflect higher variable compensation levels associated with improved operating performance, partially offset by $40 million of selling, general and administrative costs related to the retail natural gas, electric and propane businesses sold in 1999.

Potential Impact of California Power Regulation and Litigation

At December 31, 2001, Energy Marketing & Trading had net accounts receivable recorded of approximately $388 million for power sales to the California Independent System Operator and the California Power Exchange Corporation (CPEC). While the amount recorded reflects management's best estimate of collectibility, future events or circumstances could change those estimates. In March and April of 2001, two California power-related entities, the CPEC and Pacific Gas and Electric Company (PG&E), filed for bankruptcy under Chapter 11. On September 20, 2001, PG&E filed a reorganization plan as part of its Chapter 11 bankruptcy proceeding that seeks to pay all of its creditors in full. California utility regulators agreed on October 2, 2001, to a settlement in which a Edison International unit, Southern California Edison, will repay its back debt out of existing rates by 2005. The agreement settles a federal-court lawsuit in which the utility sought to force the California Public Utilities Commission to raise rates and allows the utility to recover an estimated $3 billion in back debt. Both the reorganization plan and the settlement agreement are subject to current challenges, further legal proceedings and regulatory approvals. Williams does not believe its credit exposure to these utilities will result in a materially adverse effect on its results of operations or financial condition.

As discussed in Rate and Regulatory Matters and Related Litigation in Note 19 of the Notes to Consolidated Financial Statements, the FERC and the DOJ have issued orders or initiated actions which involve Williams Energy Marketing & Trading related to California and the western states electric power industry. In addition to these federal agency actions, a number of federal and state initiatives addressing the issues of the California electric power industry are also ongoing and may result in restructuring of various

markets in California and elsewhere. Discussions in California and other states have ranged from threats of re-regulation to suspension of plans to move forward with deregulation. Allegations have also been made that the wholesale price increases resulted from the exercise of market power and collusion of the power generators and sellers, such as Williams. These allegations have resulted in multiple state and federal investigations as well as the filing of class-action lawsuits in which Williams is a named defendant (see Other Legal Matters in Note 19). Most of these initiatives, investigations and proceedings are in their preliminary stages and their likely outcome cannot be estimated. There can be no assurance that these initiatives, investigations and proceedings will not have an adverse effect on Williams' results of operations or financial condition.

GAS PIPELINE

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
		(MILLIONS)	
Segment revenues	$1,748.8	$1,879.2	$1,822.6
Segment profit	$ 720.1	$ 741.5	$ 697.3

2001 vs. 2000

Gas Pipeline's revenues decreased $130.4 million, or 7 percent, due primarily to the effect of a $74 million reduction of rate refund liabilities in 2000 following the settlement of prior rate proceedings, $72 million lower gas exchange imbalance settlements (offset in costs and operating expenses), $15 million lower recovery of tracked costs which are passed through to customers (offset in general and administrative expenses), and $10 million lower transportation revenues at Texas Gas due primarily to turnback capacity remarketed at discounted rates and for shorter contracted terms. Partially offsetting these decreases were $25 million higher gas transportation demand revenues as a result of new expansion projects and new rates on the Transco system and the California Action Project on the Kern River system and $9 million higher revenues from a liquefied natural gas storage facility acquired in June 2000.

Costs and operating expenses decreased $66 million, or 7 percent, due primarily to the $72 million lower gas exchange imbalance settlements (offset in revenues), $15 million resulting from the FERC's approval for recovery of fuel costs incurred in prior periods by Transco, and $6 million of accruals for gas exchange imbalances in 2000. Partially offsetting these decreases was $36 million in higher depreciation expense due to increased property, plant & equipment placed into service during 2001, which includes $16 million attributable to the California Action Project.

General and administrative costs decreased $22 million resulting primarily from lower tracked costs which are passed through to customers (offset in revenues) and costs in 2000 related to the headquarters consolidation of two of the gas pipelines, partially offset by higher charitable contributions.

Other (income) expense -- net for the year ended December 31, 2001, within segment costs and expenses includes a $27.5 million pre-tax gain from the sale of Williams' limited partnership interest in Northern Border Partners L.P. and a $3 million insurance settlement in 2001 for storage gas losses. Also included is an $18 million charge resulting from an unfavorable court decision in one of Transco's royalty claims proceedings (an additional $19 million is included in interest expense).

Segment profit decreased $21.4 million due primarily to the lower revenues discussed previously, partially offset by the lower costs and operating expenses, the items discussed previously in other (income) expense -- net, a $19 million increase in equity investment earnings from pipeline joint venture projects and the lower general and administrative expenses. The increase in equity investment earnings reflects $13 million from new projects which are primarily comprised of interest capitalized on internally generated funds as allowed by the FERC and a $6 million increase from earnings on existing projects.

2000 vs. 1999

Gas Pipeline's revenues increased $56.6 million, or 3 percent, due primarily to $74 million of rate refund liability reductions associated mainly with a favorable FERC order received in March 2000 by Transco related to the rate-of-return and capital structure issues in a regulatory proceeding. Revenues also increased due to $68 million higher gas exchange imbalance settlements (offset in costs and operating expenses), $23 million higher transportation demand revenues at Transco and $14 million higher storage revenues. Partially offsetting these increases were $66 million of reductions to rate refund liabilities in 1999 by four of the gas pipelines resulting primarily from second and fourth-quarter 1999 regulatory proceedings and $57 million lower reimbursable costs passed through to customers (offset in costs and operating expenses).

Segment profit increased $44.2 million, or 6 percent, due to $23 million higher transportation demand revenues at Transco, $18 million higher equity investment earnings from pipeline joint venture projects, the $8 million net effect of rate refund liability reductions discussed above and $3 million lower general and administrative expenses. The lower general and administrative costs reflect lower professional services costs associated with year 2000 compliance work, efficiencies realized from the headquarters consolidation of two of the pipelines and other cost reduction initiatives and the effect of a $2.3 million accrual in 1999 for damages associated with two pipeline ruptures in the northwest, partially offset by expenses related to the headquarters consolidation and higher charitable contributions in 2000. Partially offsetting the segment profit increases were $10 million higher depreciation expense primarily due to increased property, plant and equipment, and $6 million of accruals for gas exchange imbalances.

ENERGY SERVICES

EXPLORATION & PRODUCTION

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	(MILLIONS)		
Segment revenues	$579.6	$294.2	$190.1
Segment profit	$218.7	$ 62.4	$ 39.8

2001 vs. 2000

Exploration & Production's revenues increased $285.4 million, or 97 percent, due primarily to $263 million higher production revenues including $119 million from increased net realized prices for production (including the effect of hedge positions) and $144 million associated with an increase in net volumes from production. Approximately $115 million of the $144 million increase relates to volumes associated with Barrett, which became a consolidated entity on August 2, 2001. Approximately 75 percent of production in 2001 was hedged. Exploration & Production has entered into contracts that hedge approximately 79 percent of projected 2002 natural gas production. These hedges are entered into with Energy Marketing & Trading which in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counterparty performance risks associated with unrelated third parties. During 2001, a portion of the external derivative contracts were with Enron, which filed for bankruptcy in December 2001. As a result, the contracts were effectively liquidated as a result of contractual terms about bankruptcy and Energy Marketing & Trading recorded estimated charges for the credit exposure. Under accounting guidance, the other comprehensive income related to a terminated contract remains in accumulated other comprehensive income and is recognized as the underlying volumes are produced. At December 31, 2001, approximately $80 million related to Enron was reflected in accumulated other comprehensive income. Energy Marketing & Trading has entered into derivative contracts to replace those contracts that were terminated during the year. At December 31, 2001, the contracted future hedges are at prices that averaged above the spot market, resulting in an unrealized gain of $331 million (including the $80 million previously discussed) reflected in other comprehensive income. Revenues from gas management activities increased $14 million. Gas management revenues consist primarily of marketing activities within the Exploration & Production segment that are not a direct part of the results of operations for producing activities. Those non-producing activities include

acquisition and disposition of other working interest and royalty interest gas and the movement of gas from the wellhead to the tailgate of the respective plants for sale to Energy Marketing & Trading or third parties.

Segment costs and operating expenses increased $138 million, including a $22 million increase in selling, general and administrative expense. Segment costs and operating expenses increased due primarily to costs related to Barrett operations, comprised primarily of depreciation, depletion and amortization, lease operating expenses and gas management costs. In addition to the increase as a result of the Barrett acquisition, the higher segment costs and operating expenses reflect $10 million higher lease operating expenses, $8 million higher depreciation, depletion and amortization expenses and $6 million higher production-related taxes. Other income (expense) -- net in 2000 includes a $6 million impairment charge for certain gas producing properties. The charge represented the impairment of these held for sale assets to fair value based on expected net proceeds. These properties were sold in March 2001.

Segment profit increased $156.3 million due primarily to the higher production revenues in excess of costs. A major portion of this increase can be attributed to the Barrett acquisition. In addition, segment profit included $9 million in equity earnings from the 50 percent investment in Barrett held by Williams for the period from June 11, 2001 through August 2, 2001.

2000 vs. 1999

Exploration & Production's revenues increased $104.1 million, or 55 percent, due primarily to $65 million from increased average natural gas sales prices (net of the effect of hedge positions), $35 million associated with increases in both company-owned production volumes and marketing volumes from the Williams Coal Seam Gas Royalty Trust and royalty interest owners and an $8 million contribution in first-quarter 2000 of oil and gas properties acquired in April 1999. Exploration & Production hedged approximately 50 percent of production in 2000.

Other (income) expense -- net in 2000 includes a $6 million impairment charge relating to management's decision to sell certain gas producing properties. The charge represents the impairment of the assets to fair value based on expected net proceeds. Other (income) expense -- net in 1999 includes a $14.7 million gain from the sale of certain interests in gas producing properties which contributed $2 million to segment profit in 1999 and a $7.7 million gain from the sale of certain other properties.

Segment profit increased $22.6 million, or 57 percent, due primarily to the higher revenues discussed previously, partially offset by $43 million higher gas purchase costs related to the marketing of natural gas from the Williams Coal Seam Gas Royalty Trust and royalty interest owners, $22 million of gains on sales of assets in 1999, $10 million higher production-related taxes and the $6 million impairment charge in 2000.

INTERNATIONAL

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	(MILLIONS)		
Segment revenues	$ 159.0	$104.1	$72.5
Segment profit (loss)	$(172.8)	$ 14.1	$(3.9)

2001 vs. 2000

International's revenues increased $54.9 million, or 53 percent, due primarily to $32 million of revenue from a new gas compression facility in Venezuela which began operations in August 2001 and $21 million of revenue from Colorado soda ash mining operations which began production in fourth-quarter 2000.

Costs and operating expenses increased $61 million, due primarily to $52 million related to soda ash mining operations and $13 million related to the new gas compression facility in Venezuela.

In fourth-quarter 2001, a $170 million impairment charge was recorded related to the Colorado soda ash mining operations. The facility experienced higher than expected construction costs and implementation

difficulties through December 2001. As a result, an impairment of the assets based on management's estimate of the fair value was recorded in fourth-quarter 2001. Management's estimate was based on the present value of discounted future cash flows. In addition, management engaged an outside business consulting firm during fourth-quarter 2001 to provide further information to be utilized in management's estimation. Future events and the use of different judgments and/or assumptions could result in the recognition of a different level of impairment charge.

Segment profit decreased $186.9 million and is substantially related to the $170 million impairment of the soda ash mining facility mentioned above as well as additional losses from soda ash mining operations of $31 million, both of which are attributable to the operational and implementation complications since production began in late 2000. Equity losses increased $11 million due to an $8 million increase in equity losses from the Lithuanian refinery, pipeline and terminal investment and $6 million lower equity earnings from an Argentina oil and gas investment, partially offset by $3 million of equity earnings on an investment in a natural gas liquids (NGL) extraction and processing joint venture acquired in 2001. The Lithuanian refinery, pipeline and terminal investment continued to be challenged by a lack of market-priced crude oil supplies in the first-half of 2001. Additionally, a decrease in refinery crack spreads on the world market significantly contributed to the losses in 2001. Slightly offsetting these losses was an $18 million increase from a new Venezuelan gas compression facility which began operations in third-quarter 2001.

2000 vs. 1999

International's revenues increased $31.6 million, or 44 percent, due primarily to $17 million higher Venezuelan gas compression revenues reflecting higher volumes in 2000 following operational problems experienced in first-quarter 1999 and $11 million of higher revenues from oil and gas exploration operations in Argentina.

Costs and operating expenses increased $18 million due primarily to $8 million related to soda ash mining operations which began in fourth-quarter 2000, $5 million higher costs related to a Venezuelan gas compression facility and $3 million higher costs from oil and gas exploration operations in Argentina.

Segment profit increased $18 million due primarily to $14 million from increased operating income from Venezuelan gas compression operations, $8 million higher operating income from oil and gas exploration operations in Argentina and $5 million lower international equity investment losses, partially offset by a $7 million operating loss related to soda ash mining operations. The $5 million lower international equity investment losses reflect the change in accounting for an equity investment to a cost basis investment following a reduction of management influence and higher equity earnings from a South American equity investment. Partially offsetting these increases to equity earnings were higher equity losses from a Lithuanian refinery, pipeline and terminal investment acquired in fourth-quarter 1999, which continued to be challenged in obtaining market-priced crude oil supplies and had not yet consummated any long-term contracts.

MIDSTREAM GAS & LIQUIDS

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
		(MILLIONS)	
Segment revenues	$1,922.4	$1,514.7	$1,030.4
Segment profit	$ 221.6	$ 297.9	$ 223.9

2001 vs. 2000

Midstream Gas & Liquids' revenues increased $407.7 million, or 27 percent, due primarily to $564 million in revenues for the first three quarters of 2001 from Canadian operations that were acquired in October 2000. The $564 million of increased revenues from Canadian operations consists primarily of $270 million of natural gas liquids sales from processing activities, $205 million of natural gas liquids sales from fractionation activities, and $81 million of processing revenues. Canadian revenues decreased $57 million for the comparable periods of 2001 and 2000 due primarily to natural gas liquids product sales price decline.

Domestic natural gas liquids revenues decreased $116 million including $78 million from 15 percent lower volumes sold and $38 million due to lower average natural gas liquids sales prices. The 15 percent decrease in volumes sold is due primarily to less favorable processing economics. Domestic gathering revenues increased $11 million due primarily to higher volumes related to recent asset acquisitions in the Gulf Coast area.

Costs and operating expenses increased $456 million to $1.6 billion, due primarily to $549 million of costs and operating expenses related to the Canadian operations for the first three quarters of 2001 and $26 million higher domestic general operating and maintenance cost, partially offset by $58 million lower Canadian costs and operating expenses for the comparable periods of 2001 and 2000 due to lower shrink gas replacement costs, $38 million lower domestic shrink gas replacement costs, the effect in 2000 of $12 million of losses associated with certain propane storage transactions and $6 million lower domestic power costs related to the natural gas liquids pipelines.

General and administrative expenses decreased $2 million, or 2 percent, due primarily to $12 million of reorganization and early retirement costs incurred in 2000, substantially offset by $11 million of general and administrative expenses related to the Canadian operations for the first three quarters of 2001.

Included in other (income) expense -- net within segment costs and expenses for 2001 is $13.8 million of impairment charges related to management's 2001 decisions and commitments to sell certain south Texas non-regulated gathering and processing assets. The $13.8 million in impairment charges represent the impairment of the assets to fair value based on expected proceeds from the sales. These sales closed during first-quarter 2002.

Segment profit decreased $76.3 million, or 26 percent, due primarily to $54 million from lower average per-unit domestic natural gas liquids margins and $22 million from decreased domestic natural gas liquids volumes sold, $26 million higher domestic operating and maintenance costs, $13.8 million due to the impairment charge discussed above and $13 million higher losses from equity investments. Partially offsetting these decreases to segment profit were $14 million lower domestic general and administrative expenses, $11 million higher domestic gathering revenues, $12 million of losses associated with certain propane storage transactions during 2000 and $6 million lower domestic power costs related to the natural gas liquids pipelines.

2000 vs. 1999

Midstream Gas & Liquids' revenues increased $484.3 million, or 47 percent, due primarily to $267 million higher natural gas liquids sales from processing activities and $183 million in revenues from Canadian operations purchased in October 2000. The liquids sales increase reflects $172 million from a 49 percent increase in average natural gas liquids sales prices and $95 million from a 37 percent increase in volumes sold. The increase in natural gas liquids sales volumes result from improved liquids market conditions in 2000 and a full year of results from a plant that became operational in June 1999. The $183 million of revenues from the Canadian operations consist primarily of $165 million in natural gas liquids sales and $15 million of processing revenues. In addition, revenues increased due to $25 million higher natural gas liquids pipeline transportation revenues associated with increased shipments following improved market conditions and the completion of the Rocky Mountain liquids pipeline expansion in November 1999.

Costs and operating expenses increased $412 million, or 60 percent, due primarily to the $183 million of expenses related to the Canadian operations, $147 million higher liquids fuel and replacement gas purchases, $17 million higher power costs related to the natural gas liquids pipeline, $17 million in higher gathering and processing fuel costs due to increased natural gas prices and a full year of operation for two processing facilities, $15 million higher transportation, fractionation, and marketing expenses related to the higher natural gas liquid sales, $14 million higher depreciation expense, and $12 million of losses associated with certain propane storage transactions.

General and administrative expenses increased $11 million, or 11 percent, due primarily to $12 million of reorganization costs and $3 million associated with the Canadian operations purchased in 2000. The $12 million of reorganization costs relate to the reorganization of Midstream's operations including the consolidation in Tulsa of certain support functions previously located in Salt Lake City and Houston. In

connection with this, Williams offered certain employees enhanced retirement benefits under an early retirement incentive program in first-quarter 2000, and incurred severance, relocation and other exit costs.

Segment profit increased $74 million, or 33 percent, due primarily to $81 million from higher per-unit natural gas liquids margins, $24 million from increased natural gas liquids volumes sold, $8 million lower equity investment losses mainly from the Discovery Pipeline project and $6 million from the natural gas liquids pipeline. Partially offsetting these increases to segment profit were $14 million higher depreciation expense, $17 million higher gathering and processing fuel costs, $12 million of propane storage losses and $11 million higher general and administrative expenses.

PETROLEUM SERVICES

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
		(MILLIONS)	
Segment revenues	$5,407.9	$4,605.0	$2,987.8
Segment profit	$ 286.9	$ 175.8	$ 157.8

Effective February 2001, management of refined product sales activities surrounding certain terminals throughout the United States was transferred to Petroleum Services from Energy Marketing & Trading (see Note 1). The sales activity was previously included in the trading portfolio of Energy Marketing & Trading and was therefore reported net of related cost of sales along with other refined product trading gains and losses within Energy Marketing & Trading prior to February 2001. After the transfer of management of these activities to Petroleum Services, these sales activities are reported "gross" within the Petroleum Services segment. Energy Marketing & Trading's revenues for the year ended December 31, 2000 includes approximately $582 million for both the sales and cost of sales related to this activity.

2001 vs. 2000

Petroleum Services' revenues increased $802.9 million, or 17 percent, and includes an increase to Petroleum Services' total revenues of $184 million as a result of lower intra-segment sales, which are eliminated, by refining and marketing to the travel centers/convenience stores. Additionally, revenues increased due to $596 million higher refining and marketing revenues partially offset by $60 million lower travel center/convenience store sales. The $596 million increase in refining and marketing revenues includes the $582 million impact discussed above and $340 million resulting from a 9 percent increase in refined product volumes sold, partially offset by $325 million from 8 percent lower average refined product sales prices. The $60 million decrease in travel center/convenience store sales reflects $223 million increase in revenues related to travel centers and Alaska convenience stores offset by a $283 million decrease in revenues related to the 198 convenience stores sold in May 2001. The $223 million increase in revenues of the travel centers and Alaska convenience stores reflects $243 million from a 31 percent increase in gasoline and diesel sales volumes and $41 million higher merchandise sales, partially offset by $61 million lower average diesel and gasoline sales prices. During 2001, Williams opened 12 travel centers. Previously announced plans to add 12 additional stores were deferred while a focus is placed on improving operating efficiencies and profitability at existing stores. In addition, revenues increased due to $99 million higher bio-energy sales reflecting increases in ethanol volumes sold and average ethanol sales prices and $28 million higher revenues from Williams' 3.1 percent undivided interest in Trans-Alaska Pipeline System (TAPS) acquired in late June 2000. Slightly offsetting these increases were $15 million lower revenues related to the petrochemical plant (Olefins) due to a plant turnaround in first-quarter 2001 and curtailed production.

Costs and operating expenses increased $757 million, or 18 percent, and include a $184 million increase in costs due to lower intra-segment purchases, which are eliminated. Additionally costs and operating expenses increased due to $526 million higher refining and marketing costs, partially offset by $29 million lower travel center/convenience store costs. The $526 million increase in refining and marketing costs includes the $582 million impact of the transfer of management from Energy Marketing & Trading to Petroleum Services discussed above, a $296 million increase in the cost of refined product purchased for resale and $17 million

increase in other operating costs at the refineries, partially offset by a $369 million decrease from lower crude supply cost and other per unit cost of sales from the refineries. The refining and marketing costs include the impact of price risk management activities that are used to manage the economic exposure of fluctuations in commodity prices of crude oil and refined products. The $29 million decrease in travel center/convenience store costs reflects a $282 million decrease in costs related to the 198 convenience stores sold in May 2001, partially offset by a $253 million increase in costs related to travel centers and Alaska convenience stores. The $253 million increase in costs for the travel centers and Alaska convenience stores reflect $230 million from increased diesel and gasoline sales volumes, $60 million from higher store operating costs and $26 million higher merchandise costs, partially offset by $63 million lower gasoline and diesel purchase prices. In addition, costs and operating expenses increased due to $95 million higher bio-energy costs of sales.

Included in other (income) expense -- net within segment costs and expenses for 2001, is a $75.3 million gain from the sale of 198 convenience stores, primarily in the Tennessee metropolitan areas of Memphis and Nashville. Also included in other (income) expense -- net within segment costs and expenses in 2001 is a total of $14.7 million in loss accruals and impairment charges related to certain travel centers. This amount includes the estimated liability associated with the residual value guarantee of certain travel centers under an operating lease and the impairment of certain other travel centers to fair value based on management's estimate. Assessments for potential impairments are done on a store by store basis. Also included in other (income) expense -- net within segment costs and expenses in 2001 and 2000 are impairment charges of $12.1 million and $11.9 million, respectively, related to an end-to-end mobile computing systems business. The impairment charges result from management's decision in 2000 to sell certain of its end-to-end mobile computing systems and represents the impairment of the assets to fair value based on expected net sales proceeds, as revised. Other (income) expense -- net within segment costs and expenses in 2000 also included a $7 million write-off of a retail software system.

Segment profit increased $111.1 million, or 63 percent, due primarily to an increase of $71 million from refining and marketing operations and $17 million from Williams interest in TAPS acquired in late June 2000. In addition, segment profit increased due to a $75.3 million gain on the sale of convenience stores in May 2001. Partially offsetting these increases were a $32 million increase in operating losses from the travel centers and Alaska convenience stores, the $14.7 million in loss accruals and impairment charges related to certain travel centers and $17 million lower operating profit from activities at the petrochemical plant as revenues decreased due to plant turnaround and curtailed production without a corresponding decrease in cost.

2000 vs. 1999

Petroleum Services' revenues increased $1,617.2 million, or 54 percent, due primarily to $1,376 million higher refinery revenues (including $240 million higher intra-segment sales to the travel centers/convenience stores which are eliminated) and $455 million higher travel center/convenience store sales. The $1,376 million increase in refinery revenues reflects $1,113 million from 59 percent higher average refined product sales prices and $263 million from a 16 percent increase in refined product volumes sold. The increase in refined product volumes sold follows refinery expansions and improvements in mid-to-late 1999 and May 2000 which increased capacity. The $455 million increase in travel center/convenience store sales reflects $260 million from 32 percent higher average gasoline and diesel sales prices, $171 million primarily from a 64 percent increase in diesel sales volumes and $24 million higher merchandise sales. The increase in diesel sales volumes and the higher merchandise sales reflect the opening of eight new travel centers since fourth-quarter 1999. Slightly offsetting these increases were $91 million lower fleet management revenues following the sale of a portion of such operations in late 1999, $21 million lower distribution revenues due to a reduction of a propane trucking operation and $16 million lower pipeline construction revenues following substantial completion of the Longhorn pipeline project.

In December 2000, Williams signed an agreement to sell 198 of its convenience stores, primarily in the Tennessee metropolitan areas of Memphis and Nashville. Revenues related to these convenience stores for 2000 and 1999 were $466 million and $453 million, respectively. The sale closed in May 2001.

Costs and operating expenses increased $1,568 million, or 58 percent, due primarily to $1,349 million higher refining costs and $470 million higher travel center/convenience store costs (including $240 million higher intra-segment purchases from the refineries which are eliminated). The $1,349 million increase in refining costs reflects $1,088 million from higher crude supply costs and other related per-unit cost of sales, $221 million associated with increased volumes sold and $40 million higher operating costs at the refineries. The $470 million increase in travel center/convenience store costs includes $273 million from higher average gasoline and diesel purchase prices, $159 million primarily from increased diesel sales volumes and $38 million higher store operating costs. Slightly offsetting these increases were $101 million lower fleet management operating costs following the sale of a portion of such operations in late 1999, $18 million lower cost of distribution activities following a reduction of a propane trucking operation and $14 million lower pipeline construction costs following substantial completion of the Longhorn pipeline project.

Other (income) expense -- net for 2000 includes a $11.9 million impairment charge related to end-to-end mobile computing systems and a $7 million write-off of a retail software system. The impairment charge results from management's decision to sell certain of its end-to-end mobile computing systems and represents the impairment of the assets to fair value based on expected net sales proceeds. The primary component in other (income) expense -- net for 1999 was a $6.5 million favorable effect of settlement of transportation pipeline rate case issues.

Segment profit increased $18 million, or 11 percent, due primarily to $42 million from increased refined product volumes sold and $25 million from increased per-unit refinery margins, partially offset by $40 million higher operating costs at the refineries. In addition, segment profit increased $18 million from bio-energy operations primarily reflecting increased ethanol sales prices and volumes, $10 million from the absence of certain fleet management losses in 2000, $8 million from Williams' interest in the TAPS acquired in late June 2000 and $8 million from activities at the petrochemical plant acquired in March 1999. Partially offsetting these increases to segment profit were a $6 million lower contribution from transportation activities and a lower contribution from the travel centers/convenience stores which had $38 million higher operating costs partially offset by a $24 million increase in gross profit on merchandise sales. In addition, segment profit in 2000 was decreased by $6 million higher selling, general and administrative expense and the $25 million unfavorable change in other (income) expense -- net discussed previously.

WILLIAMS ENERGY PARTNERS

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	(MILLIONS)		
Segment revenues	$86.2	$73.5	$43.6
Segment profit	$17.0	$21.8	$16.3

2001 vs. 2000

Williams Energy Partners' revenues increased $12.7 million due primarily to the acquisition of a marine terminal facility in September 2000 and higher revenues and rates from the storage of petroleum products at the Gulf Coast marine facilities. Segment profit decreased $4.8 million due primarily to higher operating costs related to the marine facilities discussed above and higher general and administrative expenses.

2000 vs. 1999

Williams Energy Partners' revenues increased $29.9 million due primarily to the acquisition of three Gulf Coast marine facilities in August 1999, one inland terminal in March 2000, and another marine terminal in September 2000. Operating costs and selling, general and administrative expenses increased $18.1 million and $6.3 million respectively, due to the five terminals acquired above. Segment profit increased $5.5 million due primarily to the profit generated from the new terminals.

FAIR VALUE OF ENERGY RISK MANAGEMENT AND TRADING ACTIVITIES

As more thoroughly described in Note 1 of the Notes to Consolidated Financial Statements, energy and energy-related contracts are valued at fair value and, with the exception of certain commodity inventories, are recorded in current and noncurrent energy risk management and trading assets and liabilities in the Consolidated Balance Sheet. Fair value of energy and energy-related contracts is determined based on the nature of the transaction and market in which transactions are executed. Certain transactions are executed in exchange-traded or over-the-counter markets for which quoted prices in active periods exist. Transactions are also executed in exchange-traded or over-the-counter markets for which quoted market prices may exist, however, the market may be inactive and price transparency is limited. Certain transactions are executed for which quoted market prices are not available.

METHODS OF ESTIMATING FAIR VALUE

Quoted prices in active markets

Quoted market prices for varying periods in active markets are readily available for valuing forward contracts, futures contracts, swap agreements and purchase and sales transactions in the commodity markets in which Energy Marketing & Trading transacts. These prices reflect the economic and regulatory conditions that currently exist in the market place and are subject to change in the near term due to changes in future market conditions. The availability of quoted market prices in active markets varies between periods and commodities based upon changes in market conditions.

Quoted prices and other external factors in less active markets

For contracts or transactions extending into periods for which actively quoted prices are not available, Energy Marketing & Trading estimates energy commodity prices in these illiquid periods by incorporating information about commodity prices in actively quoted markets, quoted prices in less active markets, and other market fundamental analysis. While an active market may not exist for the entire period, quoted prices can generally be obtained for natural gas and power through 2008, crude and refined products through 2004, and natural gas liquids through 2003. Prices reflected in current transactions executed by Energy Marketing & Trading are used to further validate the estimates of these prices.

Models and other valuation techniques

Contracts for which quoted market prices are not available primarily include transportation, storage, full requirements, load serving and power tolling contracts (energy-related contracts). A description of these contracts is included in Note 18 of the Notes to Consolidated Financial Statements. Energy Marketing & Trading estimates fair value using models and other valuation techniques that reflect the best available information under the circumstances. The valuation techniques incorporate option pricing theory, statistical and simulation analysis, present value concepts incorporating risk from uncertainty of the timing and amount of estimated cash flows and specific contractual terms. Factors utilized in the valuation techniques include quoted energy commodity market prices, estimates of energy commodity market prices in the absence of quoted market prices, the risk-free market discount rate, volatility factors underlying the positions, estimated correlation of energy commodity prices, contractual volumes, estimated volumes, liquidity of the market in which the contract is transacted and a risk premium that market participants would consider in their determination of fair value. Although quoted market prices are not available for these energy-related contracts themselves, quoted market prices for the underlying energy commodities are a significant component in the valuation of these contracts.

Each of the methods discussed above also include counterparty performance and credit consideration in the estimation of fair value.

The chart below reflects the fair value of Energy Marketing & Trading's energy risk management and trading contracts at December 31, 2001 by valuation methodology and the year in which the recorded fair value is expected to be realized.

VALUATION METHOD:	PERIOD FAIR VALUE IS EXPECTED TO BE REALIZED IN CASH					
	2002	2003-2004	2005-2006	2007-2011	2012+	TOTAL
			(MILLIONS)			
Based upon quoted prices in active markets and quoted prices and other external factors in less active markets(1)	$757	$316	$345	$363	$ 18	$1,799
Based upon models and other valuation techniques(2)	231	12	(19)	50	188	462
Total(3)	$988	$328	$326	$413	$206	$2,261
% of fair value to be realized by period	44%	15%	14%	18%	9%	100%

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(1) A significant portion of the value expected to be realized relates to a contract within the California power market. The terms of this contract provide for the sale of power at prices ranging from $62.50 to $87.00 per megawatt hour over a ten-year period at variable volumes up to 1,400 megawatts per hour.

(2) Quoted market prices of the underlying commodities are a significant factor in the estimate of fair value.

(3) Approximately $1.1 billion of the value expected to be realized through 2010 has been managed in a manner whereby offsetting fixed price energy and energy-related contracts mitigate the exposure to changes in fair value resulting from future changes in commodity prices.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS USED IN THE VALUATION ESTIMATION PROCESS

Estimates of fair value for long-term energy and energy-related contracts are most significantly impacted by management's estimates and assumptions in the illiquid periods. However, the impact of these estimates and assumptions on the fair value of contracts is reduced to the extent Energy Marketing & Trading has managed the portfolio by executing offsetting fixed price energy and energy-related contracts to mitigate exposure in the portfolio to changes in fair value resulting from future changes in commodity prices.

The most significant estimates and assumptions include:

- Estimates of natural gas and power market prices in illiquid periods;

- Estimates of volatility and correlation of natural gas and power prices;

- Estimates of risk inherent in estimating cash flows; and

- Estimates and assumptions regarding counterparty performance and credit considerations.

Estimates of natural gas and power market prices in illiquid periods

Natural gas and power prices are the most significant commodity prices impacting the fair value of Energy Marketing & Trading contracts at December 31, 2001. In estimating natural gas and power prices during illiquid periods, Energy Marketing & Trading includes factors such as quoted market prices, prices of current market transactions and market fundamental analysis. Market fundamental analysis incorporates the most recent market data from industry publications, regulatory publications, existing and forecasted electricity generation capacity, natural gas reserve data, alternative fuel source availability, weather patterns and other indicative information supporting supply and demand relationships. These estimated market prices are highly dependent upon actively quoted market prices for natural gas and power, current economic and regulatory conditions, as well as, information supporting future conditions that would affect the supply and demand relationships.

As new information is obtained about market prices during illiquid periods, Energy Marketing & Trading incorporates this information in its estimates of market prices. Such new information includes additional executed transactions extending into these periods. These transactions give insight into the market prices for which market participants are willing to buy or sell in arms-length transactions.

Estimation of volatility and correlation of natural gas and power prices

Volatility of natural gas and power prices represents a significant assumption in the determination of fair value of contracts that contain optionality and whose fair value is estimated using option-pricing models. Correlation of natural gas and power prices represents a significant assumption in the determination of fair value of contracts that contain optionality and involve multiple commodities and whose fair value is estimated using option-pricing models. Volatility and correlation can be implied from option based market transactions during periods when quoted market prices exist for natural gas and power. Volatility and correlation is estimated in periods during which quoted market prices are not available through quantitative analysis of historical volatility patterns of the commodities, expected future changes in estimated natural gas and power prices, and market fundamental analysis. Estimates of volatility and correlation significantly impact the estimation of fair value for all periods in which the contract is valued using option-pricing models.

Estimates of risk inherent in estimating cash flows

Risk inherent in estimating cash flows represents the uncertainty of events occurring in the future which could ultimately affect the realization of cash flows. Energy Marketing & Trading estimates the risk active market participants would include in the price exchanged in an arms-length transaction in the estimation of fair value for each contract. Energy Marketing & Trading estimates risk utilizing the capital asset pricing theory in the estimation of fair value of energy-related contracts. The capital asset pricing theory considers that investors require a higher return for contracts perceived to embody higher risk of uncertainty in the market. This risk is most significant in illiquid periods and markets. Factors affecting the estimate of risk include liquidity of the market in which the contract is executed, ability to transact in future periods, existence of similar transactions in the market, uncertainty of timing and amounts of cash flows, and market fundamental analysis.

Estimates and assumptions regarding counterparty performance and credit considerations

Energy Marketing & Trading includes in its estimate of fair value for all contracts an assessment of the risk of counterparty non-performance. Such assessment considers the credit rating of each counterparty as represented by public rating agencies such as Standard & Poor's and Moody's Investor's Service, the inherent default probabilities within these ratings, the regulatory environment that the contract is subject to, as well as the terms of each individual contract.

The counterparties associated with assets from energy trading and price-risk management activities as of December 31, 2001, are summarized as follows:

	INVESTMENT GRADE(A)	TOTAL
	(MILLIONS)	
Gas and electric utilities	$ 4,253.9	$ 4,924.5
Energy marketers and traders	5,645.5	6,058.2
Financial institutions	249.8	341.7
Other	16.4	47.3
Total	$10,165.6	11,371.7
Credit reserves		(648.2)
Assets from energy risk management and trading activities(b)		$10,723.5

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(a) "Investment Grade" is primarily determined using publicly available credit ratings along with consideration of cash, standby letters of credit, parent company guarantees, and property interests, including oil and gas reserves. Included in "Investment Grade" are counterparties with a minimum Standard & Poor's and Moody's Investor's Service rating of BBB- or Baa3, respectively.

(b) One counterparty within the California power market represents greater than ten percent of assets from energy risk management and trading activities and is included in "investment grade." Standard & Poor's and Moody's Investor's Service do not rate this counterparty. This counterparty has been included in the "investment grade" column as a result of the manner in which it was established by the State of California.

As further discussed in Note 19 of the Notes to Consolidated Financial Statements, the electricity markets in California continue to be subject to numerous and wide-ranging regulatory proceedings and investigations, regarding among other things, market structure, behavior of market participants and market prices. Energy Marketing & Trading has considered counterparty performance as a result of ongoing issues in the California power industry that could result in a restructuring of the California markets. The risk of non-performance surrounding this issue is updated as new information regarding the status of these issues occurs.

CONTROLS AROUND VALUATION ESTIMATION PROCESS

Information used in determining the significant estimates and assumptions utilized in the determination of fair value of energy-related contracts is derived from market fundamental analysis. Interpreting this data requires judgement and Energy Marketing & Trading recognizes that others in the market place might interpret this data differently. It is reasonably possible that different interpretations of this data could result in a different estimation of fair value in periods for which estimates and assumptions are significant components of estimating fair value. In estimating fair value, Energy Marketing & Trading considers how we believe others in the market place would interpret this information in order to further validate that the estimates and assumptions used in estimating fair value provides the best estimate of the amount that active market participants would exchange in an arms-length transaction. Once offsetting contracts are entered into to mitigate commodity price risk, the reliance on management's assumptions and estimates utilized in the estimation of the fair value of each contract becomes less significant. However, the assumptions and estimates surrounding counterparty performance and credit are still an integral component in the estimation of fair value for these contracts. Energy Marketing & Trading enhances its valuation techniques, models and significant estimates and assumptions as better information about the markets in which Energy Marketing & Trading transacts becomes available.

Energy Marketing & Trading maintains a control environment surrounding the operational and valuation processes through its trading policy, credit policy, and general controls involved in the daily operations of the business. These policies provide limits on the types of transactions that can be executed, including term of the contract, the volumetric size of the contract and commodities underlying the contract. The policies also provide limits on the amount of credit extended to a single counterparty, the gross value at risk of the overall

portfolio and the maximum daily loss permitted within the portfolio. These policies have been approved by Williams' Board of Directors and are administered through the Williams Risk Management Committee consisting of Energy Marketing & Trading's Risk Control Officer and other members of Williams' senior management. The Risk Control Officer is responsible for Energy Marketing & Trading's Risk Control Group who monitors the compliance with these policies and controls on a daily basis. The Risk Control Group reports instances in which limits are exceeded or other significant exceptions to the policies occur to members of the Risk Management Committee. A notification of noncompliance also includes a plan to remedy the exception in order to bring the portfolio back into the approved limits and standards.

Energy Marketing & Trading's Risk Control Group also performs validations of the valuation techniques, models and significant estimates and assumption on a quarterly basis in order to provide additional assurance that the estimates of fair value provide the best determination of how others in the market might value the contracts. Validations include functions such as comparing third party market quotes against estimated prices, comparing contractual terms to those input into the models, reviewing the market fundamental analysis for reasonableness and recalculating the significant computations.

MANAGEMENT OF RISK IN PORTFOLIO

Energy Marketing & Trading manages the risk assumed from providing energy risk management services to its customers. This risk results from exposure to energy commodity prices, volatility and correlation of commodity prices, the portfolio position of the contracts, liquidity of the market in which the contract is transacted, interest rates, and counterparty performance and credit. Energy Marketing & Trading actively seeks to diversify its portfolio in managing the commodity price risk in the transactions that it executes in various markets and regions by executing offsetting contracts to manage the commodity price risk in accordance with parameters established in its trading policy. As of December 31, 2001, approximately $1.1 billion of the value expected to be realized through 2010 has been managed in a manner whereby fixed-price energy and energy-related contracts mitigate the exposure in the portfolio to changes in fair value resulting from future changes in commodity prices.

Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of the cash flows expected to be realized. Energy Marketing & Trading continually assesses this risk and has credit protection within various agreements to call on additional collateral support in the event of changes in the creditworthiness of the counterparty. Additional collateral support could include letters of credit, payment under margin agreements, guarantees of payment by creditworthy parties, or in some instances, transfers of the ownership interest in natural gas reserves or power generation assets. In addition, Energy Marketing & Trading enters into netting agreements to mitigate counterparty performance and credit risk. Credit default swaps may also be used to manage the counterparty credit exposure in the energy risk management and trading portfolio. Under these agreements, Energy Marketing & Trading pays a fixed rate premium for a notional amount of risk coverage associated with certain credit events on a referenced obligation. The covered credit events are bankruptcy, obligation acceleration, failure to pay, and restructuring.

Energy Marketing & Trading, through Williams, also enters into interest rate swaps to mitigate the associated interest rate risk from the fair value of the long dated energy and energy-related contracts by fixing the interest rate inherent in the portfolio of contracts. At December 31, 2001, Energy Marketing & Trading had executed interest rate swaps to offset potential interest rate changes for approximately $1 billion of the expected future cash flows in its portfolio.

CHANGES IN FAIR VALUE DURING 2001

The following table reflects the changes in fair value between December 31, 2000 and 2001.

		(MILLIONS)
Fair value of contracts outstanding at December 31, 2000		$ 811
Fair value of contracts outstanding at December 31, 2000 expected to be realized during 2001	$(282)	
Initial recorded value of new contracts entered into during 2001	360	
Changes in fair values attributable to change in valuation techniques	77	
Change in net option premiums paid and received	733	
Changes attributable to market movements	562	
Total change in fair value during 2001		1,450
Fair value of contracts outstanding at December 31, 2001		$2,261

The following table reconciles the changes in fair value of energy risk management and trading contracts during 2001 to energy risk management trading revenues for the period ending December 31, 2001.

	(MILLIONS)
Change in fair value during 2001	$1,450
Change in net option premiums paid and received	(733)
Fair value of contracts outstanding at December 31, 2000 expected to be realized during 2001	282
Net change in fair value impacting revenues	999
Revenues recognized and realized during 2001(1)	697
Energy risk management and trading revenues during 2001(2)	$1,696

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(1) Represents the change in fair value of energy and energy-related contracts outstanding at December 31, 2000 that were realized during 2001, as well as, contracts entered into during 2001 and settled prior to December 31, 2001.

(2) Reflects only revenues from energy risk management and trading activities accounted for on a fair value basis. This amount excludes approximately $176 million of non-trading related revenues accounted for on an accrual basis.

Changes in fair value during 2001 include the realization of cash flows on contracts outstanding at December 31, 2000 that were expected to be realized during 2001. These amounts may have differed from the values that were actually realized during 2001 due to changes in market prices and other factors that occurred during 2001 prior to the realization of those cash flows.

During 2001, Energy Marketing & Trading recognized revenues resulting from the execution of new long-term contracts providing for energy price risk management services to customers. See Energy Marketing & Trading's 2001 Results of Operations for a discussion of the type of contracts executed during the year. The fair value of new contracts at the time they are executed reflect the prices negotiated in long-term contracts which includes the premium Energy Marketing & Trading receives for managing the energy price risk of its customers. Additionally, as further discussed in Note 1 of the Notes to Consolidated Financial Statements, Energy Marketing & Trading does not recognize revenue on contracts until all requirements for revenue recognition have been achieved. As a result, the fair value of these contracts at the time they were executed is likely to differ from the fair value of the contracts at the time they were initially recorded in the financial statements due to changes in market prices and other factors which may have occurred during such period.

Energy Marketing & Trading continuously evaluates the valuation techniques and models used in estimating fair value and modifies and implements new valuation techniques based upon emerging financial theory in order to provide a better estimate of fair value.

A component of the fair value of energy risk management and trading assets and liabilities includes the amount of cash received and cash paid for premiums on option contracts. Premiums for options contracts impact energy trading revenues over the life of the option contract. At December 31, 2001, approximately $881 million of the net energy risk management and trading assets and liabilities included cash payments for premiums on option contracts purchased by Energy Marketing & Trading in excess of cash received for options sold.

Changes attributable to market movements reflect the change in fair value of contracts resulting from changes in quoted market prices of commodities, interest rates, volatility and correlation of commodity prices. This also includes improvements in the estimates and assumptions Energy Marketing & Trading uses in estimating fair value based upon new information and data available in the marketplace. The most significant component of these changes during 2001 occurred during the first quarter and prior to the execution of certain offsetting contracts mitigating the exposure in the portfolio to changes in fair value from future changes in commodity prices.

FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY

Williams considers its liquidity to come from both internal and external sources. Certain of those sources are available to Williams (parent) and certain of its subsidiaries. Williams' unrestricted sources of liquidity, which Williams believes can be utilized without limitation under existing loan covenants, consist primarily of the following:

- Available cash equivalent investments of $1.1 billion at December 31, 2001, as compared to $854 million at December 31, 2000.

- $700 million available under Williams' $700 million bank-credit facility at December 31, 2001, as compared to $350 million at December 31, 2000.

- $769 million available under Williams' $2.2 billion commercial paper program (or the related bank-credit facility) at December 31, 2001, as compared to $4 million at December 31, 2000 under a $1.7 billion commercial paper program.

- Cash generated from operations.

- Short-term uncommitted bank lines of credit may also be used in managing liquidity.

The availability of borrowings under Williams' $700 million bank-credit facility and Williams' $2.2 billion bank credit facility which supports the $2.2 billion commercial paper program is subject to specified conditions, which Williams believes are currently met. These conditions include compliance with the financial covenants and ratios as defined in the agreements (see Note 13), absence of default as defined in the agreements, and continued accuracy of representations and warranties made in the agreements.

At December 31, 2001, Williams had a $2.5 billion shelf registration statement effective with the SEC to issue a variety of debt or equity securities. Subsequent to the issuance of the $1.1 billion of FELINE PACS in January 2002 as discussed below, the remaining availability on the shelf registration is approximately $300 million, because Williams registered both the FELINE PACS and the related common stock to be issued subsequently. In addition, there are other outstanding registration statements filed with the SEC for Northwest Pipeline, Texas Gas Transmission and Transcontinental Gas Pipe Line (each a wholly owned subsidiary of Williams). At March 1, 2002, approximately $450 million of shelf availability remains under these outstanding registration statements and may be used to issue a variety of debt securities. Interest rates and market conditions will affect amounts borrowed, if any, under these arrangements. Williams believes additional financing arrangements, if required, can be obtained on reasonable terms.

Terms of certain borrowing agreements limit transfer of funds to Williams from its subsidiaries. The restrictions have not impeded, nor are they expected to impede, Williams ability to meet its cash requirements in the future.

During 2002, Williams expects to fund capital and investment expenditures, debt payments and working-capital requirements of its continuing operations through (1) cash generated from operations, (2) the use of the available portion of Williams' $700 million bank-credit facility, (3) commercial paper (or the related bank-credit facility), (4) short-term uncommitted bank lines, (5) private borrowings, (6) sale or disposal of existing businesses and/or (7) debt or equity public offerings.

Credit Ratings

Williams maintains certain preferred interest and debt obligations that contain provisions requiring accelerated payment of the related obligations or liquidation of the related assets in the event of specified levels of declines in Williams' credit ratings given by Moody's Investor's Service, Standard & Poor's and Fitch Ratings (rating agencies). Performance by Williams under these terms include potential acceleration of debt payment and redemption of preferred interests totaling $816 million at December 31, 2001.

During the fourth quarter of 2001, Williams announced its intentions to eliminate its exposure to the "ratings trigger" clauses incorporated in the above agreements. At the time of this filing, negotiations had commenced with the respective financial institutions with an objective of completing such changes during the first half of 2002.

At December 31, 2001, Williams' credit ratings were above "trigger" levels by a range of two or more levels. On February 1, 2002, Williams' credit ratings were maintained by each of the rating agencies, although Standard & Poor's placed Williams on "negative watch." On February 27, 2002, Moody's Investor's Service confirmed the investment grade rating of Williams and changed the outlook from stable to negative. On February 28, 2002, Fitch Ratings affirmed its investment grade rating of Williams and also changed the outlook from stable to negative. Standard & Poor's also announced it was maintaining its previous rating from February 1, 2002.

In addition to the factors noted above, Williams' energy marketing and trading business relies upon the investment grade rating of Williams senior unsecured long-term debt to satisfy credit support requirements of many counterparties. If Williams' credit ratings were to decline below investment grade, its ability to participate in energy marketing and trading activity could be significantly limited. Alternate credit support would be required under certain existing agreements and would be necessary to support future transactions. Without an investment grade rating, Williams would be required to fund margining requirements pursuant to industry standard derivative agreements with cash, letters of credit or other negotiable instruments. At December 31, 2001, the total notional amounts that could require such funding, in the event of a credit rating decline of Williams to below investment grade, is approximately $500 million, before consideration of offsetting positions and margin deposits from the same counterparties.

At December 31, 2001, Williams maintained the following credit ratings on its senior unsecured long-term debt, which are considered to be investment grade:

Moody's Investor's Service..................................	Baa2
Standard & Poor's...	BBB
Fitch Ratings...	BBB

Off-Balance Sheet Financing Arrangements and Guarantees of Debt or Other Commitments to Third Parties

During 2000, Williams entered into operating lease agreements with two special purpose entities (SPE's) and provides a financial guarantee to a third SPE. The operating lease agreements are with respect to certain Williams travel center stores, offshore oil and gas pipelines and an onshore gas processing plant (see Note 13), while the guarantee is with respect to gas turbines under construction. The SPE's are not consolidated by Williams since their equity is provided by non-related parties. The sole purpose of these entities is to facilitate financing for construction and acquisition of the related assets. The only assets of the SPE's are the constructed or acquired assets, which serve as collateral for the SPE's liabilities, which are in the form of financing obligations. The lease terms include a five-year base term with a renewal option for an additional

five-year term. The funding obligations, if any, of Williams with respect to these entities occurs solely through the lease commitments and the financial guarantee. Williams has an option to purchase the leased assets during the lease terms at amounts approximating the lessor's cost and has an option to acquire the gas turbines at actual cost of construction. For the operating leases, Williams provides residual value guarantees equal to 85 percent of the lessor's cost on the completed travel center stores and 89.9 percent of the lessor's cost, less the present value of actual lease payments, on the offshore oil and gas pipelines and the onshore gas processing plant. The financial guarantee with respect to the gas turbines is also a residual value guarantee equal to a maximum of 89.9 percent of the actual cost of construction. In the event that Williams does not exercise its purchase option, Williams expects the fair market value of the covered assets to substantially reduce its obligation under the residual value guarantees. If these SPE's were consolidated into Williams' Consolidated Balance Sheet at December 31, 2001, they would increase assets and long-term debt by approximately $364 million.

Williams provides a guarantee of approximately $127 million towards project financing of energy assets owned and operated by an entity in which Williams owns an interest of 50 percent. This obligation or guarantee is not consolidated in Williams' balance sheet as Williams does not maintain a controlling interest in the entity and therefore follows equity accounting for its interest. Performance on the guarantees generally would occur upon a failure of payment by the financed entity or certain events of default related to the guarantors. These events of default primarily relate to bankruptcy and/or insolvency of the guarantors. At December 31, 2001, there were no events of default by the guarantors or delinquent payments by the financed entity with respect to the project financings.

Williams is a party to a put agreement arising from its sale of Ferrellgas senior common units in April 2001 (see Note 4) whereby the purchaser's lenders can require Williams to repurchase the units upon certain events of default by the purchaser or the failure or default by the seller (Williams) under any of its debt obligations greater than $60 million. The total outstanding under the put agreement at December 31, 2001 was $99.6 million. Williams' contingent obligation reduces as purchaser's payments are made to the lender. The purchaser's agreement is for a five year term, expiring December 30, 2005. The put agreement represents a contingent liability and is not reflected on Williams' balance sheet. At December 31, 2001, there have been no events of default and the purchaser has performed as required under payment terms with the lender.

For each of the Williams' guarantees discussed above, Williams has currently assessed that its future performance under each of the agreements as less than probable for purposes of SFAS No. 5, "Accounting for Contingencies." This assessment is based on information available at December 31, 2001 affirming there are no events of default on behalf of Williams as a guarantor and none of the related entities are delinquent with respect to the supported obligations.

Williams has agreements to sell, on an ongoing basis, certain of its accounts receivable to qualified special-purpose entities ("QSPE"). Under these agreements, Williams is able to sell up to $450 million of accounts receivables. These QSPEs are not consolidated; however, if these QSPEs were consolidated at December 31, 2001, assets and debt would increase by $420 million.

WCG Separation

Since the initial equity offering by WCG in October 1999, the sources of liquidity for WCG had been separate from Williams' sources of liquidity. The reduction to Williams' stockholders' equity as a result of the separation in April 2001 was approximately $2.0 billion. Williams, with respect to shares of WCG's common stock that Williams retained, has committed to the Internal Revenue Service (IRS) to dispose of all of the WCG shares that it retains as soon as market conditions allow, but in any event not longer than five years after the spinoff. As part of a separation agreement and subject to a favorable ruling by the IRS that such a limitation is not inconsistent with any ruling issued to Williams regarding the tax-free treatment of the spinoff, Williams has agreed not to dispose of the retained WCG shares for three years from the date of distribution and must notify WCG of an intent to dispose of such shares. However, on February 28, 2002, Williams filed with the IRS a request to withdraw its request for a ruling that the agreement between Williams and WCG that Williams would not transfer any retained WCG stock for a three-year period from the spinoff would not

be inconsistent with the favorable tax-free treatment ruling issued to Williams. Williams represented in the withdrawal request that it had abandoned its intent to make the lock-up effective, thereby making the ruling request moot. For further discussion of separation agreements and potential tax exposure as a result of the WCG separation, see Note 3 of the Notes to Consolidated Financial Statements.

Additionally, Williams, prior to the spinoff and in an effort to strengthen WCG's capital structure, entered into an agreement under which Williams contributed an outstanding promissory note from WCG of approximately $975 million and certain other assets, including a building under construction and a commitment to complete the construction. In return, Williams received 24.3 million newly issued common shares of WCG.

Williams, prior to the spinoff, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes through a commitment to make available proceeds of a Williams equity issuance or other permitted redemption sources in the event any one of the following were to occur: (1) a WCG default; (2) downgrading of Williams' senior unsecured debt to Ba1 or below by Moody's Investor's Service, BB or below by Standard & Poor's, or BB+ or below by Fitch Ratings if Williams' common stock closing price is below $30.22 for ten consecutive trading days while such downgrade is in effect; or (3) to the extent proceeds from WCG's refinancing or remarketing of the WCG Note Trust Notes prior to March 2004 produces proceeds of less than $1.4 billion.

On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminates acceleration of the Notes due to a WCG bankruptcy or a Williams credit rating downgrade. The amendment also affirms Williams' obligations for all payments due with respect to the WCG Note Trust Notes, which are due March 2004, and allows Williams to fund such payments from any available sources. With the exception of the March and September 2002 interest payments, totaling $115 million, WCG remains indirectly obligated to reimburse Williams for any payments Williams is required to make in connection with the WCG Note Trust Notes.

Williams has provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into an operating lease agreement covering a portion of its fiber-optic network. The total cost of the network assets covered by the lease agreement is $750 million. The lease term initially totaled five years and, if renewed, could extend to seven years. WCG has an option to purchase the covered network assets during the lease term at an amount approximating lessor's cost. On March 6, 2002, a representative of WCG notified Williams that WCG intends to issue a notice so as to be able to purchase the assets in the immediate future. As a result of an agreement between Williams and WCG's revolving credit facility lenders, if Williams gains control of the network assets covered by the lease, Williams may be obligated to return the assets to WCG and the obligation of WCG to compensate Williams for such property may be subordinated to the interests of WCG's revolving credit facility lenders and may not mature any earlier than one year after the maturity of WCG's revolving credit facility.

Williams has also provided guarantees on certain performance obligations of WCG totaling approximately $57 million.

In third-quarter 2001, Williams purchased the Williams Technology Center and other ancillary assets (Technology Center) and three corporate aircraft from WCG for $276 million which represents the approximate actual cost of construction of the Williams Technology Center and the acquisition cost of the ancillary assets and aircraft. Williams then entered into long-term lease arrangements under which WCG is the sole lessee of the Technology Center and aircraft (see Note 13). As a result of this transaction, Williams' Consolidated Balance Sheet includes $28.8 million in current accounts and notes receivable and $137.2 million in noncurrent other assets and deferred charges, net of allowance of $103.2 million, relating to amounts due from WCG. Additionally, receivables include amounts due from WCG of approximately $27 million at December 31, 2001 which includes a $21 million deferred payment (net of allowance of $85 million) for services provided to WCG due March 15, 2002. In February 2002, the deferred payment for services provided to WCG was extended to September 15, 2002.

Recent disclosures and announcements by WCG, including WCG's recent announcement that it might seek to reorganize under the U.S. Bankruptcy Code, have resulted in Williams concluding that it is probable that it will not fully realize the $375 million of receivables from WCG at December 31, 2001 nor recover its remaining $25 million investment in WCG common stock. In addition, Williams has determined that it is probable that it will be required to perform under the $2.21 billion of guarantees and payment obligations discussed above. Other events that have affected Williams' assessment include the credit downgrades of WCG, the bankruptcy of a significant competitor announced on January 28, 2002, and public statements by WCG regarding an ongoing comprehensive review of its bank secured credit arrangements. As a result of these factors, Williams, using the best information available at the time and under the circumstances, has developed an estimated range of loss related to its total WCG exposure. Management utilized the assistance of external legal counsel and an external financial and restructuring advisor in making estimates related to its guarantees and payment obligations and ultimate recovery of the contractual amounts receivable from WCG. At this time, management believes that no loss within the range is more probable than another. Accordingly, Williams has recorded the $2.05 billion minimum amount of the range of loss which is reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. Williams recognized a related deferred tax benefit in the Consolidated Statement of Operations of $742.5 million ($68.9 million in continuing operations and $673.6 million in discontinued operations). The ultimate amount of tax benefit realized could be different from the deferred tax benefit recorded, as influenced by potential changes in federal income tax laws and the circumstances upon the actual realization of the tax benefits from WCG's balance sheet restructuring program.

The charge to discontinued operations of $1.84 billion includes the minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations and approximately $16 million in expenses. With the exception of the interest on the Note Trust Notes and the expenses, Williams has assumed for purposes of this estimated loss that it will become an unsecured creditor of WCG for all or part of the amounts paid under the guarantees and payment obligations. However, it is probable that Williams will not be able to recover a significant portion of the receivables. The estimated loss from the performance of the guarantees and payment obligations is based on the overall estimate of recoveries on amounts receivable discussed below. Due to the amendment of the WCG Note Trust Notes discussed above, $1.1 billion of the accrued loss will be classified as a long-term liability in the Consolidated Balance Sheet.

The charge to continuing operations of $213 million includes estimated losses from an assessment of the recoverability of carrying amounts of the $106 million deferred payment for services provided to WCG, the $269 million minimum lease payments receivable from WCG, and a remaining $25 million investment in WCG common stock. The $85 million provision on the deferred payment is based on the overall estimate of recoveries on amounts receivable using the same assumptions on collectibility as discussed below. The $103 million provision on the minimum lease payments receivable is based on an estimate of the fair value of the leased assets. The $25 million write-off of the WCG investment is based on management's assessment of realization as a result of WCG's balance sheet restructuring program.

The estimated range of loss assumes that Williams, as a creditor of WCG, will recover only a portion of its claims against WCG. Such claims include a $2.21 billion receivable from performance on guarantees and payment obligations and a $106 million deferred payment for services provided to WCG. With the assistance of external legal counsel and an external financial and restructuring advisor, and considering the best information available at the time and under the circumstances, management developed a range of loss on these receivables with a minimum loss of 80 percent on claims in a bankruptcy of WCG. Estimating the range of loss as a creditor involves making complex judgments and assumptions about uncertain outcomes. The actual loss may ultimately differ from the recorded loss due to changes in numerous factors, which include, but are not limited to, the future demand for telecommunications services and the state of the telecommunications industry, WCG's individual performance, and the nature of the restructuring of WCG's balance sheet. There could be additional losses recognized in the future, a portion of which may be reflected as discontinued operations.

The minimum amount of loss in the range is estimated based on recoveries from a successful reorganization process under Chapter 11 of the U.S. Bankruptcy Code. Recoveries after a successful reorganization process depend, among other things, on the impact of a bankruptcy on WCG's financial performance and WCG's ability to continue uninterrupted business services to its customers and to maintain relationships with vendors. To estimate recoveries of the unsecured creditors, Williams estimated an enterprise value of WCG using a present value analysis and reduced the enterprise value by the level of secured debt which may exist in WCG's restructured balance sheet. In its estimate of WCG's enterprise value, Williams considered a range of cash flow estimates based on information from WCG and from other external sources. Future cash flow projections are valued using discount rates ranging from 17 percent to 25 percent. The range of cash flows is based on different scenarios related to the growth, if any, of WCG's revenues and the impact that a bankruptcy may have on revenue growth. The range of discount rates considers WCG's assumed restructured capital structure and the market return that equity investors may require to invest in a telecommunications business operating in the current distressed industry environment. The range of loss also considers recoveries based on transaction values from recent telecommunications restructurings and from a liquidation of WCG's assets.

Should WCG go into bankruptcy under Chapter 7 of the U.S. Bankruptcy Code, recoveries under a liquidation include factors such as the nature of WCG's assets, the value of operating assets in a distressed telecommunications market, the cost of liquidation, operating losses during the period of liquidation, the length of liquidation period and claims of creditors superior to those of Williams' unsecured claims.

Significant items reflected as discontinued operations in the Consolidated Statement of Cash Flows include the following:

- In 2000, WCG issued $1 billion in long-term debt obligations consisting of $575 million in 11.7 percent notes due 2008 and $425 million in 11.875 percent notes due 2010. In October 1999, WCG completed an initial public equity offering, private equity offerings and public debt offerings that yielded total net proceeds of approximately $3.5 billion. The initial public equity offering yielded net proceeds of approximately $738 million (see Note 3). In concurrent investments by SBC Communications Inc., Intel Corporation and Telefonos de Mexico, additional shares of common stock were privately sold for proceeds of $738.5 million. Concurrent with these equity transactions, WCG issued high-yield public debt of approximately $2 billion. Proceeds from the 1999 equity and debt transactions were used to repay WCG's 1999 borrowings under an interim short-term bank-credit facility and the $1.05 billion bank-credit agreement. The remaining proceeds from the 1999 transactions and the 2000 debt proceeds were used to fund 2000 WCG's operating losses, continued construction of WCG's national fiber-optic network and other capital and investment expansion opportunities. During 2000, WCG received net proceeds of approximately $240.5 million from the issuance of five million shares of 6.75 percent redeemable cumulative preferred stock.

- Capital expenditures of WCG, primarily for the construction of the fiber-optic network, were $3.4 billion in 2000, $1.7 billion in 1999 and $304 million in 1998.

- In 1999, WCG paid $265 million in cash to increase its investment in ATL (a Brazilian telecommunications business).

OPERATING ACTIVITIES

Cash provided by continuing operating activities was: 2001 -- $1.8 billion; 2000 -- $594 million; and 1999 -- $1.5 billion. The 2001 $517.1 million decrease in margin deposits is due primarily to lower deposits required by counterparties related to trading activities at Energy Marketing & Trading. The 2001 $201.4 million increase in other current assets is due primarily to increases associated with current derivative assets. The 2001 increase in other assets and deferred charges of $455.0 million is due primarily to the increases associated with noncurrent derivative assets and the minimum lease payments receivable (net of an allowance for doubtful accounts) due from WCG related to the long-term lease arrangement with WCG (see Note 3). The increase in derivative assets reflects the impact of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires these contracts to be recorded at fair value.

FINANCING ACTIVITIES

Net cash provided by financing activities of continuing operations was: 2001 -- $2.0 billion; 2000 -- $2.0 billion; and 1999 -- $880 million. Long-term debt proceeds, net of principal payments, were $1.9 billion, $235 million and $682 million, during 2001, 2000 and 1999, respectively. Notes payable payments, net of notes payable proceeds, were $801 million in 2001. Notes payable proceeds, net of notes payable payments were $1.5 billion and $210 million during 2000 and 1999, respectively. The increase in net new borrowings during 2001, 2000 and 1999 reflects borrowings to fund capital expenditures, investments and acquisitions of businesses.

The proceeds from issuance of Williams common stock in 2001 reflect $1.3 billion in net proceeds from approximately 38 million shares of common stock issued by Williams in January 2001 in a public offering at $36.125 per share. Additionally, the proceeds from issuance of Williams common stock in 2001, 2000 and 1999 reflect exercise of stock options under the plans providing for common-stock-based awards to employees and to non-employee directors.

Dividends paid on common stock increased $75.2 million in 2001 reflecting an increase in the number of shares outstanding and an increase in the per share dividends. The number of shares increased due primarily to the 38 million shares issued in January 2001 and the 29.6 million shares issued in the Barrett acquisition. Third-quarter 2001 and fourth-quarter 2001 dividends increased to 18 cents per share and 20 cents per share, respectively, up from the quarterly dividend of 15 cents per share in 2000.

Proceeds from sale of limited partners units of consolidated partnership reflect an initial public offering of Williams Energy Partners L.P. (WEP), a wholly owned partnership which owns and operates a diversified portfolio of energy assets, of approximately 4.6 million common units at $21.50 per unit for net proceeds of approximately $92 million. The initial public offering represents 40 percent of the units, and Williams retained a 60 percent interest in the partnership, including its general partner interest.

In December 2001, Williams received net proceeds of $95.3 million from sale of a non-controlling preferred interest in Piceance Production Holdings LLC to an outside investor (see Note 14). During 2000, Williams received net proceeds totaling $546.8 million from the sale of a limited liability company member interest to an outside investor (see Note 14).

In April 2001, Williams redeemed the Williams obligated mandatorily redeemable preferred securities of Trust holding only Williams indentures for $194 million. Proceeds from the sale of the Ferrellgas senior common units held by Williams were used for this redemption. In 1999, Williams received proceeds of $175 million from the sale of the Williams obligated mandatorily redeemable preferred securities.

In connection with the Barrett acquisition, Williams' Consolidated Balance Sheet includes $150 million of 7.55 percent notes due 2007, which are debt obligations guaranteed by Williams (parent). For further discussion of the Barrett Resources Corporation acquisition, see Note 2.

Long-term debt at December 31, 2001 was $9.5 billion, compared with $6.8 billion at December 31, 2000 and $7.2 billion at December 31, 1999. At December 31, 2001 and 2000, $844 million and $800 million, respectively, of current debt obligations were classified as noncurrent obligations based on Williams' intent and ability to refinance on a long-term basis. The 2001 increase in long-term debt is due primarily to the $1.1 billion of senior unsecured debt securities issued in January 2001 and the $1.5 billion of long-term debt securities issued in August 2001 primarily to replace $1.2 billion borrowed under a $1.5 billion short-term agreement originated in June 2001 related to the cash portion of the Barrett acquisition. The long-term debt to debt-plus-equity ratio (including consolidated WCG debt for 2000 and 1999) was 61.1 percent at December 31, 2001, compared to 63.7 percent and 62.3 percent at December 31, 2000 and 1999, respectively. If short-term notes payable and long-term debt due within one year were included in the calculations, these ratios would be 66.4 percent, 70.5 percent and 65.9, respectively. Additionally, the long-term debt to debt plus equity as calculated for covenants under certain debt agreements was 61.5 percent at December 31, 2001.

In January 2002, Williams issued 44 million publicly traded units, more commonly known as FELINE PACS, that include a senior debt security and an equity purchase contract. The debt has a term of five years,

and the equity purchase contract will require the company to deliver Williams common stock to holders after three years based on a previously agreed rate. Net proceeds from this issuance were approximately $1.1 billion (see Note 23).

INVESTING ACTIVITIES

Net cash used by investing activities of continuing operations was: 2001 -- $3.5 billion; 2000 -- $2.3 billion; and 1999 -- $2.0 billion. Capital expenditures of Energy Marketing & Trading, primarily to construct power generation plants, were $104 million in 2001, $64 million in 2000 and $83 million in 1999. Capital expenditures of Energy Services, primarily to carry out drilling programs and acquire, expand and modernize gathering and processing facilities, terminals and refineries, were $931 million in 2001, $813 million in 2000 and $1.3 billion in 1999. Capital expenditures of Gas Pipeline, primarily to expand deliverability into the east and west coast markets and upgrade current facilities, were $855 million in 2001, $512 million in 2000 and $360 million in 1999. Budgeted capital expenditures and investments for continuing operations for 2002 are estimated to be approximately $3.2 billion, including expansion and modernization of pipeline systems, gathering and processing facilities, refineries and international investment activities. Williams stated in December 2001 that it had reduced its planned 2002 capital expenditure program in an effort to maintain its investment grade rating. Additional reductions may be necessary to maintain its investment grade rating, however, Williams will evaluate other alternatives in order to maintain their capital expenditure program including sales of additional assets.

On June 11, 2001, Williams acquired 50 percent of Barrett's outstanding common stock in a cash tender offer of $73 per share for a total of approximately $1.2 billion. On August 2, 2001, Williams completed the acquisition of Barrett by issuing 29.6 million shares of Williams common stock in exchange for the remaining Barrett shares.

The increase in investments is due primarily to the development of Williams' joint interest in the Gulfstream project. The increase in proceeds received from disposition of investments and other assets reflects Williams' sale of the Ferrellgas senior common units to an affiliate of Ferrellgas for proceeds of $199 million in April 2001 and the sale of certain convenience stores for approximately $150 million in May 2001. The purchase of assets subsequently leased to seller reflects Williams' purchase of the Williams Technology Center, other ancillary assets and three corporate aircraft for $276 million.

In October 2000, Williams acquired various energy-related operations in Canada for approximately $540 million. Included in the purchase were interests in several NGL extraction and fractionation plants, NGL transportation pipeline and storage facilities, and a natural gas processing plant.

During 1999, Williams purchased a business which includes a petrochemical plant and natural gas liquids transportation, storage and other facilities for $163 million in cash. Also during 1999, Williams made various cash investments and advances totaling $347 million including a $75 million equity investment in and a $75 million loan to AB Mazeikiu Nafta, Lithuania's national oil company, $78 million in various natural gas and petroleum products pipeline joint ventures, and other joint ventures and investments. In addition, Williams made $139 million of investments in the Alliance natural gas pipeline and processing plant during 1999 of which $93.5 million was financed with a note payable which was paid in 2000. In December 1999, Williams sold its retail propane business to Ferrellgas for $268.7 million in cash and $175 million in senior common units of Ferrellgas.

COMMITMENTS

The table below summarizes some of the more significant contractual obligations and commitments by period. This table does not include obligations related to guarantees or payment obligations related to WCG (see Note 3).

	2002	2003	2004	2005	2006	THEREAFTER	TOTAL
				(MILLIONS)			
Notes payable	$1,425	$ --	$ --	$ --	$ --	$ --	$ 1,425
Long-term debt, including current portion	1,037	732	1,562	282	1,156	5,759	10,528
Operating leases	82	58	47	37	29	176	429
Preferred interest in consolidated subsidiaries(1)	200	135	--	560	100	--	995
Fuel conversion and other service contracts(2)	344	420	443	446	449	5,926	8,028
Total	$3,088	$1,345	$2,052	$1,325	$1,734	$11,861	$21,405

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(1) Amount relates to that invested by an outside investor for which the end of the initial priority return period is shown.

(2) Energy Marketing & Trading has entered into certain contracts giving Williams the right to receive fuel conversion services as well as certain other services associated with electric generation facilities that are either currently in operation or are to be constructed at various locations throughout the continental United States. These contracts are included at fair value within energy risk management and trading assets and liabilities.

Additionally, at December 31, 2001, commitments for construction and acquisition of property, plant and equipment are approximately $771 million. At December 31, 2001, commitments for additional investments in Gulfstream Pipeline, LLC, certain international cost investments and advances to Longhorn Partners Pipeline, L.P. are $233 million.

RECENTLY ISSUED ACCOUNTING STANDARDS AND POTENTIAL NEW ACCOUNTING STANDARDS

See Note 1 for a discussion of SFAS No. 141, "Business Combinations," SFAS No. 142, "Goodwill and Other Intangible Assets," SFAS No. 143, "Accounting for Asset Retirement Obligations" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The accounting for Energy Marketing & Trading's energy-related contracts, which include contracts such as transportation, storage, load servicing and tolling agreements, requires Williams to assess whether certain of these contracts are executory service arrangements or leases pursuant to SFAS No. 13, "Accounting for Leases." There currently is not extensive authoritative guidance for determining when an arrangement is a lease or an executory service arrangement. As a result, Williams assesses each of its energy-related contracts and makes the determination based on the substance of each contract focusing on factors such as physical and operational control of the related asset, risks and rewards of owning, operating and maintaining the related asset and other contractual terms. The Emerging Issues Task Force of the Financial Accounting Standards Board is in the preliminary stage of addressing Issue No. 01-8, "Determining Whether an Arrangement is a Lease," and has assigned the Issue to a Working Group for further consideration. As the Issue is in the preliminary phase, the outcome and related impact to Williams is not yet determinable.

EFFECTS OF INFLATION

Williams' cost increases in recent years have benefited from relatively low inflation rates during that time. Approximately 43 percent of Williams' property, plant and equipment is at Gas Pipeline and approximately 55 percent is at Energy Services. Approximately 87 percent of Gas Pipeline's and 60 percent of Energy Services' property, plant and equipment has been acquired or constructed since 1995, a period of relatively low

inflation. Approximately 17 percent of Energy Services' increase was the result of the 2001 Barrett acquisition. Gas Pipeline is subject to regulation, which limits recovery to historical cost. While amounts in excess of historical cost are not recoverable under current FERC practices, Williams believes it will be allowed to recover and earn a return based on increased actual cost incurred to replace existing assets. Cost-based regulation along with competition and other market factors may limit the ability to recover such increased costs. Within Energy Services, operating costs are influenced to a greater extent by specific price changes in oil and gas and related commodities than by changes in general inflation. Crude, refined product, natural gas and natural gas liquids prices are particularly sensitive to OPEC production levels and/or the market perceptions concerning the supply and demand balance in the near future.

ENVIRONMENTAL

Williams is a participant in certain environmental activities in various stages involving assessment studies, cleanup operations and/or remedial processes. The sites, some of which are not currently owned by Williams (see Note 19), are being monitored by Williams, other potentially responsible parties, the U.S. Environmental Protection Agency (EPA), or other governmental authorities in a coordinated effort. In addition, Williams maintains an active monitoring program for its continued remediation and cleanup of certain sites connected with its refined products pipeline activities. Williams has both joint and several liability in some of these activities and sole responsibility in others. Current estimates of the most likely costs of such cleanup activities are approximately $98 million, all of which is accrued at December 31, 2001. Williams expects to seek recovery of approximately $42 million of the accrued costs through future natural gas transmission rates. Williams will fund these costs from operations and/or available bank-credit facilities. Estimates of the most likely costs of cleanup are generally based on completed assessment studies, preliminary results of studies or other similar cleanup operations. At December 31, 2001, certain assessment studies were still in process for which the ultimate outcome may yield significantly different estimates of most likely costs. Therefore, the actual costs incurred will depend on the final amount, type and extent of contamination discovered at these sites, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

Williams is subject to the federal Clean Air Act and to the federal Clean Air Act Amendments of 1990 which require the EPA to issue new regulations. Williams is also subject to certain states' regulations. In September 1998, the EPA promulgated rules designed to mitigate the migration of ground-level ozone in certain states. Williams estimates that capital expenditures necessary to install emission control devices over the next five years to comply with rules will be between $186 million and $206 million. The actual costs incurred will depend on the final implementation plans developed by each state to comply with these regulations. In December 1999, standards promulgated by the EPA for tailpipe emissions and the content of sulfur in gasoline were announced. Williams estimates that capital expenditures necessary to bring its two refineries into compliance over the next five years will be approximately $385 million. The actual costs incurred will depend on the final implementation plans. In addition to the above mentioned capital expenditures pertaining to the Clean Air Act and amendments, estimated future capital expenditures as of December 31, 2001, for various compliance issues across the company are approximately $202 million.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from Williams' pipelines, pipeline systems, and pipeline facilities used in the movement of oil or petroleum products, during the period July 1, 1998 through July 2, 2001. In November 2001, Williams furnished its response.

In July 1999, Transco received a letter stating that the U.S. Department of Justice (DOJ), at the request of the EPA, intends to file a civil action against Transco arising from its waste management practices at Transco's compressor stations and metering stations in 11 states from Texas to New Jersey. Transco, the EPA and the DOJ agreed to settle this matter by signing a Consent Decree that provides for a civil penalty of $1.4 million.

Williams Field Services (WFS), an Energy Services subsidiary, received a Notice of Violation (NOV) from the EPA in February 2000. WFS received a contemporaneous letter from the DOJ indicating that the DOJ will also be involved in the matter. The NOV alleged violations of the Clean Air Act at a gas

processing plant. WFS, the EPA and the DOJ agreed to settle this matter for a penalty of $850,000. In the course of investigating this matter, WFS discovered a similar potential violation at the plant and disclosed it to the EPA and the DOJ. In December 2001, the EPA, the DOJ and WFS agreed to settle this self-reported matter by signing a Consent Decree that provides for a penalty of $950,000.

OTHER

In January, 2002, Williams announced the goal to reduce the company's annual operating expenses based on the company's current cost structure by $50 million, effective 2003. Management is evaluating its organizational structure to determine effective and efficient ways to align services to meet Williams' current business requirements as an energy-only company. In conjunction with this goal, Williams is offering an enhanced-benefit early retirement option to certain employee groups. The potential impact to 2002 expense, assuming election by 100 percent of those eligible for the early retirement option, would be approximately $80 million. Williams does not anticipate that all eligible employees will elect the option. Additionally, Williams also will offer severance and redeployment services to employees whose positions are eliminated as a result of the organizational changes.

Williams has also announced plans to sell its midwest petroleum products pipeline and on-system terminals. A potential buyer would be Williams Energy Partners L.P., a consolidated entity.

ITEM 7A. MARKET RISK DISCLOSURES

Interest Rate Risk

Williams' current interest rate risk exposure is related primarily to its debt portfolio and its energy risk management and trading portfolio. In 2000, Williams' interest rate exposure also related to an investment in Ferrellgas Partners L.P. senior common units and Williams obligated mandatorily redeemable preferred securities of Trust.

Williams' interest rate risk exposure resulting from its debt portfolio is influenced by short-term rates, primarily LIBOR-based borrowings from commercial banks and the issuance of commercial paper, and long-term U.S. Treasury rates. To mitigate the impact of fluctuations in interest rates, Williams targets to maintain a significant portion of its debt portfolio in fixed rate debt. Williams has also utilized interest-rate swaps to change the ratio of its fixed and variable rate debt portfolio based on management's assessment of future interest rates, volatility of the yield curve and Williams' ability to access the capital markets in a timely manner. Williams periodically enters into interest-rate forward contracts to establish an effective borrowing rate for anticipated long-term debt issuances. The maturity of Williams' long-term debt portfolio is partially influenced by the expected life of its operating assets.

At December 31, 2001 and 2000, the amount of Williams' fixed and variable rate debt was at targeted levels. Williams has traditionally maintained an investment grade credit rating as one aspect of managing its interest rate risk. In order to fund its 2002 capital expenditure plan, Williams will need to access various sources of liquidity, which will likely include traditional borrowing and leasing markets.

Williams also has interest rate risk in long-dated energy-related contracts included in its energy risk management and trading portfolio. The value of these transactions can fluctuate daily based on movements in the underlying interest rate curves used to assign value to the transactions. Williams strives to mitigate the associated interest rate risk from the value of these transactions by fixing the underlying interest rate inherent in the energy risk management and trading portfolio. During 2001, Williams began actively managing this exposure as a component of its targeted levels of fixed to floating obligations. Williams uses both floating to fixed interest rate swaps and other derivative transactions to manage this variable rate exposure.

The tables on the following page provide information as of December 31, 2001 and 2000, about Williams' interest rate risk sensitive instruments. For investment in Ferrellgas Partners L.P. senior common units, notes payable, long-term debt and Williams obligated mandatorily redeemable preferred securities of Trust, the table presents principal cash flows and weighted-average interest rates by expected maturity dates. For interest-rate swaps, the table presents notional amounts and weighted-average interest rates by contractual maturity dates. Notional amounts are used to calculate the contractual cash flows to be exchanged under the interest-rate swaps.

	2002	2003	2004	2005	2006	THEREAFTER	TOTAL	FAIR VALUE DECEMBER 31, 2001
				(DOLLARS IN MILLIONS)				
Notes payable...........	$1,425	$ --	$ --	$ --	$ --	$ --	$1,425	$1,425
Interest rate...........	3.3%							
Long-term debt, including current portion:								
Fixed rate............	$ 833	$330	$621	$282	$1,156	$5,759	$8,981	$9,164
Interest rate.........	7.2%	7.3%	7.3%	7.3%	7.4%	7.6%		
Variable rate.........	$ 204	$402	$941	$ --	$ --	$ --	$1,547	$1,547
Interest rate(1)								
Interest rate swaps(2)								

	2001	2002	2003	2004	2005	THEREAFTER	TOTAL	FAIR VALUE DECEMBER 31, 2000
				(DOLLARS IN MILLIONS)				
Assets:								
Investment -- Ferrellgas Partners L.P. senior common units..........	$ --	$ 194	$ --	$ --	$ --	$ --	$ 194	$ 194
Fixed rate............	10.0%	10.0%	--	--	--	--		
Liabilities:								
Notes payable.........	$2,037	$ --	$ --	$ --	$ --	$ --	$2,037	$2,037
Interest rate.........	7.2%	--	--	--	--	--		
Long-term debt, including current portion:								
Fixed rate.........	$1,115	$1,032	$306	$356	$254	$2,972	$6,035	$6,092
Interest rate......	7.1%	7.2%	7.3%	7.3%	7.3%	7.6%		
Variable rate......	$ 524	$ 154	$402	$201	$350	$ 799	$2,430	$2,430
Interest rate(1)								
Williams obligated mandatorily redeemable preferred securities of Trust..............	$ --	$ 190	$ --	$ --	$ --	$ --	$ 190	$ 192
Fixed rate..............	7.9%	7.9%	--	--	--	--		
Interest rate swaps:								
Pay variable/receive fixed.................	$ 461	$ --	$ --	$ --	$ --	$ --	$ 461	$ (3)
Pay rate(3)								
Receive rate............	6.0%	--	--	--	--	--		
Pay fixed/receive variable..............	$ 53	$ 59	$ 65	$ 72	$ 79	$ 133	$ 461	$ (30)
Pay rate................	7.8%	8.0%	8.0%	8.0%	8.0%	8.0%		
Receive rate(3)								

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(1) 2001 -- Weighted average interest rate is LIBOR plus one percent for all years; 2000 -- Weighted average interest rate is LIBOR plus .70 percent for all years.

(2) The interest rate swaps which are outstanding at December 31, 2001 are reflected at fair value within energy risk management and trading assets and liabilities in the Consolidated Balance Sheet as these swaps are entered into to mitigate the interest rate risk inherent in the energy risk management and trading portfolio. Notional amounts total approximately $1 billion at December 31, 2001.

(3) LIBOR

COMMODITY PRICE RISK

Energy Marketing & Trading has trading operations that incur commodity price risk as a consequence of providing price-risk management services to third-party customers. The most significant exposure to commodity price-risk is associated with the natural gas and electricity markets in the United States. This exposure is primarily within the portfolio of transportation, storage, full-requirements, load serving and power tolling contracts. Energy Marketing & Trading also has commodity price-risk exposure to crude oil, refined products, electricity, natural gas and natural gas liquids markets in the United States and the natural gas markets in Canada through other energy contracts such as forward, futures, options, swaps, and purchase and sale contracts. These energy and energy-related contracts are valued at fair value and unrealized gains and losses from changes in fair value are recognized in income. These energy and energy-related contracts are subject to risk from changes in energy commodity market prices, volatility and correlation of those commodity prices, the portfolio position of its contracts, the liquidity of the market in which the contract is transacted and changes in interest rates. Energy Marketing & Trading actively seeks to diversify its portfolio in managing the commodity price risk in the transactions that it executes in various markets and regions by executing offsetting contracts to manage this risk in accordance with parameters established in its trading policy. Energy Marketing & Trading's Risk Control Group monitors compliance with the established trading policy and measures the risk associated with the trading portfolio.

Energy Marketing & Trading measures the market risk in its trading portfolio utilizing a value-at-risk methodology to estimate the potential one-day loss from adverse changes in the fair value of its trading operations. At December 31, 2001 and 2000, the value at risk for the trading operations was $92.7 million and $90.1 million, respectively. As supplemental quantitative information to further understand the general risk levels of the trading portfolio, the average of the actual monthly changes in the fair value of the trading portfolio for 2001 was an increase of $120 million. Value at risk requires a number of key assumptions and is not necessarily representative of actual losses in fair value that could be incurred from the trading portfolio. Energy Marketing & Trading's value-at-risk model includes all financial instruments and physical positions and commitments in its trading portfolio and assumes that as a result of changes in commodity prices, there is a 95 percent probability that the one-day loss in the fair value of the trading portfolio will not exceed the value at risk. The value-at-risk model uses historical simulations to estimate hypothetical movements in future market prices assuming normal market conditions based upon historical market prices. Value at risk does not consider that changing the energy risk management and trading portfolio in response to market conditions could affect market prices and could take longer to execute than the one-day holding period assumed in the value-at-risk model. Through risk management practices and policies, Energy Marketing & Trading was able to minimize the increase in value at risk while growing the net energy risk management and trading assets 179 percent. This was accomplished primarily through the execution of offsetting contracts, which has the effect of mitigating the commodity price risk exposure within the portfolio of energy and energy-related contracts.

FOREIGN CURRENCY RISK

Williams has international investments that could affect the financial results if the investments incur a permanent decline in value as a result of changes in foreign currency exchange rates and the economic conditions in foreign countries.

International investments accounted for under the cost method totaled $143 million and $144 million at December 31, 2001 and 2000, respectively. The fair value of these investments is deemed to approximate their carrying amount as the investments are primarily in non-publicly traded companies for which it is not practicable to estimate the fair value of these investments. Williams continues to believe that it can realize the carrying value of these investments considering the status of the operations of the companies underlying these investments. If a 20 percent change occurred in the value of the underlying currencies of these investments against the U.S. dollar, the fair value of these investments at December 31, 2001, could change by approximately $29 million assuming a direct correlation between the currency fluctuation and the value of the investments.

The net assets of foreign operations which are consolidated are located primarily in Canada and approximate 11 percent of Williams' net assets at December 31, 2001. These foreign operations, whose functional currency is the local currency, do not have significant transactions or financial instruments denominated in other currencies. However, these investments do have the potential to impact Williams' financial position, due to fluctuations in these local currencies arising from the process of re-measuring the local functional currency into the U.S. dollar. As an example, a 20 percent change in the respective functional currencies against the U.S. dollar could have changed stockholders' equity by approximately $155 million at December 31, 2001.

Williams historically has not utilized derivatives or other financial instruments to hedge the risk associated with the movement in foreign currencies with the exception of a Canadian dollar-denominated note receivable (see Note 18). However, Williams evaluates currency fluctuations and will consider the use of derivative financial instruments or employment of other investment alternatives if cash flows or investment returns so warrant.

EQUITY PRICE RISK

Equity price risk primarily arises from investments in publicly traded energy-related companies. The investments in the energy-related companies are carried at fair value and totaled approximately $8 million and $22 million at December 31, 2001 and 2000, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

To the Stockholders of
The Williams Companies, Inc.

We have audited the accompanying consolidated balance sheet of The Williams Companies, Inc. as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Williams Companies, Inc. at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Tulsa, Oklahoma
March 6, 2002

THE WILLIAMS COMPANIES, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(MILLIONS, EXCEPT PER-SHARE AMOUNTS)	YEARS ENDED DECEMBER 31, 2001	2000	1999
Revenues:			
Energy Marketing & Trading	$ 1,871.8	$1,572.6	$ 662.3
Gas Pipeline	1,748.8	1,879.2	1,822.6
Energy Services*	8,155.1	6,591.5	4,324.4
Other	76.3	66.8	65.4
Intercompany eliminations	(817.3)	(518.2)	(245.3)
Total revenues	11,034.7	9,591.9	6,629.4
Segment costs and expenses:			
Costs and operating expenses*	7,384.6	6,441.8	4,730.4
Selling, general and administrative expenses	934.9	771.5	686.2
Impairment of soda ash mining facility	170.0	--	--
Other (income) expense -- net	(29.1)	75.4	(30.7)
Total segment costs and expenses	8,460.4	7,288.7	5,385.9
General corporate expenses	124.3	97.2	76.9
Operating income:			
Energy Marketing & Trading	1,296.1	1,005.5	104.5
Gas Pipeline	673.8	714.5	688.3
Energy Services	591.5	571.7	439.6
Other	12.9	11.5	11.1
General corporate expenses	(124.3)	(97.2)	(76.9)
Total operating income	2,450.0	2,206.0	1,166.6
Interest accrued	(786.8)	(708.5)	(590.3)
Interest capitalized	40.0	49.4	34.6
Investing income (loss)	(198.4)	106.1	25.1
Preferred returns and minority interest in income of consolidated subsidiaries	(67.5)	(58.0)	(38.2)
Other income (expense) -- net	28.3	.3	(12.1)
Income from continuing operations before income taxes and extraordinary gain	1,465.6	1,595.3	585.7
Provision for income taxes	630.2	629.9	230.8
Income from continuing operations	835.4	965.4	354.9
Loss from discontinued operations	(1,313.1)	(441.1)	(198.7)
Income (loss) before extraordinary gain	(477.7)	524.3	156.2
Extraordinary gain	--	--	65.2
Net income (loss)	(477.7)	524.3	221.4
Preferred stock dividends	--	--	2.8
Income (loss) applicable to common stock	$ (477.7)	$ 524.3	$ 218.6
Basic earnings (loss) per common share:			
Income from continuing operations	$ 1.68	$ 2.17	$ .81
Loss from discontinued operations	(2.64)	(.99)	(.46)
Income (loss) before extraordinary gain	(.96)	1.18	.35
Extraordinary gain	--	--	.15
Net income (loss)	$ (.96)	$ 1.18	$ .50
Diluted earnings (loss) per common share:			
Income from continuing operations	$ 1.67	$ 2.15	$ .79
Loss from discontinued operations	(2.62)	(.98)	(.44)
Income (loss) before extraordinary gain	(.95)	1.17	.35
Extraordinary gain	--	--	.15
Net income (loss)	$ (.95)	$ 1.17	$ .50

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* Includes consumer excise taxes of $308.9 million, $287.6 million and $229.0 million in 2001, 2000 and 1999, respectively.

See accompanying notes.

THE WILLIAMS COMPANIES, INC.

CONSOLIDATED BALANCE SHEET

(DOLLARS IN MILLIONS, EXCEPT PER-SHARE AMOUNTS)	DECEMBER 31, 2001	DECEMBER 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,301.1	$ 996.8
Accounts and notes receivable less allowance of $256.6 ($9.8 in 2000)	3,133.9	3,357.3
Inventories	813.8	848.4
Energy risk management and trading assets	6,514.1	7,879.8
Margin deposits	213.8	730.9
Deferred income taxes	440.6	64.9
Other	520.7	319.3
Total current assets	12,938.0	14,197.4
Net assets of discontinued operations	--	2,290.2
Investments	1,563.1	1,368.6
Property, plant and equipment -- net	17,719.2	14,205.9
Energy risk management and trading assets	4,209.4	1,831.1
Goodwill and other intangible assets, net	1,180.6	42.5
Other assets and deferred charges less allowance of $103.2 (none in 2000)	1,295.9	840.9
Total assets	$38,906.2	$34,776.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 1,424.5	$ 2,036.7
Accounts payable	2,896.7	3,088.0
Accrued liabilities	1,965.2	1,387.4
Energy risk management and trading liabilities	5,525.7	7,597.3
Guarantees and payment obligations related to Williams Communications Group, Inc.	645.6	--
Long-term debt due within one year	1,036.8	1,634.1
Total current liabilities	13,494.5	15,743.5
Long-term debt	9,500.7	6,830.5
Deferred income taxes	3,689.9	2,863.9
Energy risk management and trading liabilities	2,936.6	1,302.8
Guarantees and payment obligations related to Williams Communications Group, Inc.	1,120.0	--
Other liabilities and deferred income	943.1	978.0
Contingent liabilities and commitments (Note 19)		
Minority interests in consolidated subsidiaries	201.0	98.1
Preferred interests in consolidated subsidiaries	976.4	877.9
Williams obligated mandatorily redeemable preferred securities of Trust holding only Williams indentures	--	189.9
Stockholders' equity:		
Preferred stock, $1 per share, 30 million shares authorized	--	--
Common stock, $1 per share par value, 960 million shares authorized, 518.9 million issued in 2001, 447.9 million issued in 2000	518.9	447.9
Capital in excess of par value	5,085.1	2,473.9
Retained earnings	199.6	3,065.7
Accumulated other comprehensive income	345.1	28.2
Other	(65.0)	(81.2)
	6,083.7	5,934.5
Less treasury stock (at cost), 3.4 million shares of common stock in 2001 and 3.6 million in 2000	(39.7)	(42.5)
Total stockholders' equity	6,044.0	5,892.0
Total liabilities and stockholders' equity	$38,906.2	$34,776.6

See accompanying notes.

THE WILLIAMS COMPANIES, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(DOLLARS IN MILLIONS, EXCEPT PER-SHARE AMOUNTS)	PREFERRED STOCK	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	OTHER	TREASURY STOCK	TOTAL
BALANCE, DECEMBER 31, 1998..........	$ 102.2	$432.3	$ 982.4	$ 2,849.5	$ 16.7	$(78.5)	$(47.2)	$ 4,257.4
Comprehensive income:								
Net income -- 1999................	--	--	--	221.4	--	--	--	221.4
Other comprehensive income:								
Unrealized appreciation on marketable equity securities....................	--	--	--	--	104.2	--	--	104.2
Foreign currency translation adjustments...................	--	--	--	--	(18.0)	--	--	(18.0)
Total other comprehensive income..........................								86.2
Total comprehensive income..........								307.6
Cash dividends --								
Common stock ($.60 per share).....	--	--	--	(260.9)	--	--	--	(260.9)
$3.50 preferred stock ($2.04 per share)..........................	--	--	--	(2.8)	--	--	--	(2.8)
Stockholders' notes issued..........	--	--	--	--	--	(9.7)	--	(9.7)
Stockholders' notes repaid..........	--	--	--	--	--	3.3	--	3.3
Conversion of preferred stock - 1.8 million shares....................	(102.2)	8.4	93.8	--	--	--	--	--
Issuance of equity of consolidated subsidiary.........................	--	--	1,170.2	--	(3.4)	--	--	1,166.8
Stock award transactions (including 4.0 million common shares)........	--	3.8	78.7	--	--	.4	2.1	85.0
Tax benefit of stock-based awards...	--	--	31.6	--	--	--	--	31.6
ESOP loan repayment.................	--	--	--	--	--	6.9	--	6.9
BALANCE, DECEMBER 31, 1999..........	--	444.5	2,356.7	2,807.2	99.5	(77.6)	(45.1)	5,585.2
Comprehensive income:								
Net income -- 2000................	--	--	--	524.3	--	--	--	524.3
Other comprehensive loss:								
Net unrealized depreciation on marketable equity securities....................	--	--	--	--	(47.4)	--	--	(47.4)
Foreign currency translation adjustments...................	--	--	--	--	(23.9)	--	--	(23.9)
Total other comprehensive loss....								(71.3)
Total comprehensive income..........								453.0
Cash dividends -- ($.60 per share)...........................	--	--	--	(265.8)	--	--	--	(265.8)
Stockholders' notes issued..........	--	--	--	--	--	(18.0)	--	(18.0)
Stockholders' notes repaid..........	--	--	--	--	--	6.6	--	6.6
Stock award transactions (including 3.6 million common shares)........	--	3.4	88.3	--	--	.3	2.6	94.6
Tax benefit of stock-based awards...	--	--	25.6	--	--	--	--	25.6
ESOP loan repayment.................	--	--	--	--	--	7.5	--	7.5
Other...............................	--	--	3.3	--	--	--	--	3.3
BALANCE, DECEMBER 31, 2000..........	--	447.9	2,473.9	3,065.7	28.2	(81.2)	(42.5)	5,892.0
Comprehensive loss:								
Net loss -- 2001..................	--	--	--	(477.7)	--	--	--	(477.7)
Other comprehensive income:								
Net unrealized gains on cash flow hedges..................	--	--	--	--	370.2	--	--	370.2
Net unrealized depreciation on marketable equity securities....................	--	--	--	--	(35.3)	--	--	(35.3)
Foreign currency translation adjustments...................	--	--	--	--	(37.1)	--	--	(37.1)
Minimum pension liability adjustment....................	--	--	--	--	(2.2)	--	--	(2.2)
Total other comprehensive income..........................								295.6
Total comprehensive loss...........								(182.1)
Issuance of common stock (38 million shares)...........................	--	38.0	1,295.4	--	--	--	--	1,333.4
Issuance of common stock for acquisition of business (29.6 million shares)...................	--	29.6	1,206.1	--	--	--	--	1,235.7
Cash dividends -- ($.68 per share)...........................	--	--	--	(341.0)	--	--	--	(341.0)
Stockholders' notes issued..........	--	--	--	--	--	(8.8)	--	(8.8)
Stockholders' notes repaid..........	--	--	--	--	--	6.3	--	6.3
Stock award transactions (including 3.6 million common shares)........	--	3.4	72.6	--	--	.7	2.8	79.5

Tax benefit of stock-based awards...	--	--	26.0	--	--	--	--	26.0
Distribution of Williams Communications Groups' common stock..............................	--	--	--	(2,047.4)	21.3	18.0	--	(2,008.1)
Other................................	--	--	11.1	--	--	--	--	11.1
BALANCE, DECEMBER 31, 2001..........	$ --	$518.9	$5,085.1	$ 199.6	$345.1	$(65.0)	$(39.7)	$ 6,044.0

See accompanying notes.

THE WILLIAMS COMPANIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS)	2001	2000	1999
	YEARS ENDED DECEMBER 31,		
OPERATING ACTIVITIES:			
Income from continuing operations	$ 835.4	$ 965.4	$ 354.9
Adjustments to reconcile to cash provided from operations:			
Depreciation, depletion and amortization	797.7	646.8	605.5
Provision for deferred income taxes	346.2	440.5	486.0
Impairment of soda ash mining facility	170.0	--	--
Provision for loss on property and other assets	163.7	57.3	21.5
Net gain on dispositions of assets	(92.4)	(14.7)	(34.1)
Provision for uncollectible accounts	203.2	4.7	(.1)
Preferred returns and minority interest in income of consolidated subsidiaries	67.5	58.0	38.2
Tax benefit of stock-based awards	26.0	25.6	76.1
Cash provided (used) by changes in assets and liabilities:			
Accounts and notes receivable	191.4	(1,558.2)	(632.8)
Inventories	43.1	(293.7)	(102.9)
Margin deposits	517.1	(671.7)	(56.5)
Other current assets	121.4	(28.7)	(62.1)
Accounts payable	(289.3)	1,279.1	898.3
Accrued liabilities	287.2	259.7	(158.7)
Changes in current energy risk management and trading assets and liabilities	(742.9)	(218.8)	.8
Changes in noncurrent energy risk management and trading assets and liabilities	(806.1)	(485.2)	(59.1)
Changes in noncurrent deferred income	(4.1)	28.2	91.1
Other, including changes in non-current assets and liabilities	(52.4)	99.5	67.4
Net cash provided by operating activities	1,782.7	593.8	1,533.5
FINANCING ACTIVITIES:			
Proceeds from notes payable	1,830.0	2,190.4	939.6
Payments of notes payable	(2,631.4)	(723.9)	(729.8)
Proceeds from long-term debt	4,035.1	984.6	1,696.4
Payments of long-term debt	(2,139.0)	(749.5)	(1,014.0)
Proceeds from issuance of common stock	1,410.9	75.2	65.2
Dividends paid	(341.0)	(265.8)	(263.7)
Proceeds from sale of limited partner units of consolidated partnership	92.5	--	--
Net proceeds from issuance of preferred interests of consolidated subsidiaries	95.3	546.8	--
Proceeds (payments) from issuance (redemption) of Williams obligated mandatorily redeemable preferred securities of Trust holding only Williams indentures	(194.0)	--	175.0
Payments/dividends to preferred and minority interests	(59.5)	(42.0)	(27.4)
Payments for debt issuance costs	(51.5)	(4.0)	(12.1)
Other -- net	(.1)	.2	50.8
Net cash provided by financing activities	2,047.3	2,012.0	880.0
INVESTING ACTIVITIES:			
Property, plant and equipment:			
Capital expenditures	(1,922.2)	(1,513.2)	(1,794.9)
Proceeds from dispositions	37.3	38.5	27.4
Acquisitions of businesses (primarily property, plant and equipment), net of cash acquired	(1,343.1)	(726.4)	(162.9)
Purchases of investments/advances to affiliates	(574.0)	(183.2)	(347.2)
Proceeds from dispositions of investments and other assets	407.6	47.2	307.4
Proceeds received on advances to affiliates	95.0	--	--
Purchase of assets subsequently leased to seller	(276.0)	--	--
Other -- net	32.1	(.2)	11.1
Net cash used by investing activities	(3,543.3)	(2,337.3)	(1,959.1)
DISCONTINUED OPERATIONS:			
Net cash provided (used) by operating activities	7.6	(45.7)	(49.5)
Net cash provided by financing activities	1,343.4	1,774.7	3,496.9
Net cash used by investing activities	(1,450.8)	(1,868.4)	(3,316.9)
Cash of discontinued operations at spinoff	(96.5)	--	--
Net cash provided (used) by discontinued operations	(196.3)	(139.4)	130.5
Increase in cash and cash equivalents	90.4	129.1	584.9
Cash and cash equivalents at beginning of year	1,210.7	1,081.6	496.7
Cash and cash equivalents at end of year*	$ 1,301.1	$ 1,210.7	$ 1,081.6

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* Includes cash and cash equivalents of discontinued operations of $213.9 million and $483.9 million for 2000 and 1999, respectively.

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Operations of The Williams Companies, Inc. (Williams) are located principally in the United States and are organized into three industry groups: Energy Marketing & Trading, Gas Pipeline and Energy Services.

Energy Marketing & Trading is a fully integrated energy marketer which offers price-risk management services and buys, sells and arranges for transportation/transmission of energy commodities -- including natural gas and gas liquids, crude oil and refined products, and electricity -- to local distribution companies, utilities, municipalities, rural electric cooperatives and large industrial customers in North America. Additionally, Energy Marketing & Trading commenced operations in Europe in 2001.

Gas Pipeline is comprised primarily of five interstate natural gas pipelines located throughout the majority of the United States as well as investments in North American natural gas pipeline-related companies. The five Gas Pipeline operating segments have been aggregated for reporting purposes and include Williams Gas Pipelines Central, Kern River Gas Transmission, Northwest Pipeline, Texas Gas Transmission and Transcontinental Gas Pipe Line.

Energy Services includes five operating segments: Exploration & Production, International, Midstream Gas & Liquids, Petroleum Services and Williams Energy Partners. Exploration & Production includes natural gas exploration, production and marketing activities primarily in the Rocky Mountain, Midwest and Gulf Coast regions. During 2001, Exploration & Production acquired Barrett Resources Corporation (Barrett) which was an independent natural gas and oil exploration and production company with producing properties located principally in the Rocky Mountain and Mid-Continent regions of the United States. International includes direct investments in projects in Argentina, Brazil, Venezuela and Lithuania, investments in energy and infrastructure development funds in Asia and South America and soda ash mining operations in Colorado. Midstream Gas & Liquids is comprised of natural gas gathering and processing and treating facilities in the Rocky Mountain, Midwest and Gulf Coast regions of the United States, natural gas liquids pipelines in the Rocky Mountain, Southwest, Midwest and Gulf Coast regions of the United States and assets in Canada including several natural gas liquids extraction and fractionation plants, natural gas liquids pipeline, storage facilities, and a natural gas processing plant. Petroleum Services includes petroleum refining and marketing in Alaska and the Southeast, a petroleum products pipeline and ethanol production and marketing operations in the Midwest region, and retail travel centers concentrated in the Midsouth and along the United States interstate highway system and convenience stores in Alaska. Williams Energy Partners includes a network of storage, transportation and distribution assets for crude petroleum products and ammonia.

BASIS OF PRESENTATION

Effective February 2001, management of certain operations, previously conducted by Energy Marketing & Trading, was transferred to Petroleum Services. These operations included the procurement of crude oil and marketing of refined products produced from the Memphis refinery, for which prior year segment information reflects the transfer. Additionally, the refined product sales activities surrounding certain terminals located throughout the United States were transferred. This sales activity was previously included in the trading portfolio of Energy Marketing & Trading and was therefore reported net of related cost of sales. Following the transfer, these sales are reported on a "gross" basis.

During first-quarter 2001, Williams Energy Partners L.P. completed an initial public offering of approximately 4.6 million common units at $21.50 per unit for net proceeds of approximately $92 million. The initial public offering represents 40 percent of the units, and Williams retains a 60 percent interest in the partnership, including its general partner interest. Williams Energy Partners L.P. and Williams' general partnership interest is reported as Williams Energy Partners, a separate segment within Energy Services, and consists primarily of certain terminals and an ammonia pipeline previously reported within Petroleum Services

and Midstream Gas & Liquids, respectively. Also during first-quarter 2001, management of international activities, previously reported in Other, was transferred and the international activities are reported as a separate segment within Energy Services.

On April 23, 2001, Williams distributed 398.5 million shares, or approximately 95 percent, of Williams' communications business, Williams Communications Group, Inc. (WCG), to Williams' shareholders. WCG has been accounted for as discontinued operations, and, accordingly, the accompanying consolidated financial statements and notes reflect the results of operations, net assets and cash flows of WCG as discontinued operations. For information relating to litigation involving the distribution of WCG shares, see Note 19. Unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates to the continuing operations of Williams (see Note 3).

Certain prior year amounts have been reclassified to conform to current year classifications.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Williams and its majority-owned subsidiaries and investments. Companies in which Williams and its subsidiaries own 20 percent to 50 percent of the voting common stock, or otherwise exercise significant influence over operating and financial policies of the company, are accounted for under the equity method.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Estimates and assumptions which, in the opinion of management, are significant to the underlying amounts included in the financial statements and for which it would be reasonably possible that future events or information could change those estimates include: 1) contingent obligations including guarantees related to WCG obligations; 2) litigation-related contingencies; 3) valuations of energy contracts, including energy-related contracts; 4) environmental remediation obligations; 5) impairment assessments of goodwill and long-lived assets; 6) realization of deferred income tax assets; and 7) Gas Pipeline revenues subject to refund. These estimates are discussed further throughout the accompanying notes.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand and time deposits, certificates of deposit and other marketable securities with maturities of three months or less when acquired.

INVENTORY VALUATION

Inventories are stated at cost, which is not in excess of market, except for certain assets held for energy risk management activities by Energy Marketing & Trading, which are primarily stated at fair value. The cost of inventories is determined using the following methods: certain crude oil and refined products inventories held by Petroleum Services are determined using the first-in, first-out (FIFO) cost method as adjusted for the effects of fair value hedges as prescribed by Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities;" certain natural gas inventories held by Transcontinental Gas Pipe Line are determined using the last-in, first-out (LIFO) cost method; and the cost of the remaining inventories is primarily determined using the average-cost method or market, if lower.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost. Depreciation is provided primarily on the straight-line method over estimated useful lives. Gains or losses from the ordinary sale or retirement of property, plant and equipment for regulated pipelines are credited or charged to accumulated depreciation; other gains or losses are recorded in net income.

Oil and gas exploration and production activities are accounted for under the successful efforts method of accounting. Costs incurred in connection with the drilling and equipping of exploratory wells are capitalized as incurred. If proved reserves are not found, such costs are charged to expense. Other exploration costs, including lease rentals, are expensed as incurred. All costs related to development wells, including related production equipment and lease acquisition costs, are capitalized when incurred. Unproved properties are evaluated annually, or as conditions warrant, to determine any impairment in carrying value. Depreciation, depletion and amortization are provided under the units of production method.

Proved properties, including developed and undeveloped, and costs associated with probable reserves, are assessed for impairment using estimated future cash flows. Estimating future cash flows involves the use of complex judgments such as estimation of the proved and probable oil and gas reserve quantities, risk associated with the different categories of oil and gas reserves, timing of development and production, expected future commodity prices, capital expenditures and production costs.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of cost over fair value of assets of businesses acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," approximately $1 billion of goodwill acquired subsequent to June 30, 2001, in the acquisition of Barrett (see Note 2) is not being amortized. All other goodwill is amortized on a straight-line basis over periods from 20 to 40 years. Other intangible assets are amortized on a straight-line basis over periods from three to 25 years. Accumulated amortization at December 31, 2001 and 2000 was $16.3 million and $45.2 million, respectively. Amortization expense was $7 million, $10.7 million and $20.4 million in 2001, 2000 and 1999, respectively. See RECENT ACCOUNTING STANDARDS for further discussion of SFAS No. 142.

TREASURY STOCK

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to capital in excess of par value using the average-cost method.

ENERGY COMMODITY RISK MANAGEMENT AND TRADING ACTIVITIES

Energy Marketing & Trading has energy commodity risk management and trading operations that enter into energy contracts to provide price-risk management services to its third-party customers. Energy contracts utilized in energy commodity risk management and trading activities are valued at fair value in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and Emerging Issues Task Force Issue (EITF) No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." Williams adopted SFAS No. 133 effective January 1, 2001. Such adoption had no impact on the accounting for energy commodity risk management and trading activities. Prior to adopting SFAS No. 133, Energy Marketing & Trading followed the guidance in EITF No. 98-10. Energy contracts include forward contracts, futures contracts, option contracts, swap agreements, commodity inventories, short-and long-term purchase and sale commitments, which involve physical delivery of an energy commodity and energy-related contracts, such as transportation, storage, full requirements, load serving and power tolling contracts. In addition, Williams enters into interest rate swap agreements and credit default swaps to manage

the interest rate and credit risk in its energy trading portfolio. These energy contracts and interest rate and credit default swap agreements, with the exception of certain commodity inventories, are recorded in current and noncurrent energy risk management and trading assets and energy risk management and trading liabilities in the Consolidated Balance Sheet. The classification of current versus noncurrent is based on the timing of expected future cash flows. In accordance with SFAS No. 133 and EITF No. 98-10, the net change in fair value of these contracts representing unrealized gains and losses is recognized in income currently and recorded as revenues in the Consolidated Statement of Operations. Energy Marketing & Trading reports its trading operations' physical sales transactions net of the related purchase costs, consistent with fair value accounting for such trading activities. The accounting for Energy Marketing & Trading's energy-related contracts requires Williams to assess whether certain of these contracts are executory service arrangements or leases pursuant to SFAS No. 13, "Accounting for Leases." There currently is not extensive authoritative guidance for determining when an arrangement is a lease or an executory service arrangement. As a result, Williams assesses each of its energy-related contracts and makes the determination based on the substance of each contract focusing on factors such as physical and operational control of the related asset, risks and rewards of owning, operating and maintaining the related asset and other contractual terms.

Fair value of energy contracts is determined based on the nature of the transaction and the market in which transactions are executed. Certain transactions are executed in exchange-traded or over-the-counter markets for which quoted prices in active periods exist. Transactions are also executed in exchange-traded or over-the-counter markets for which quoted market prices may exist; however, the markets may be relatively inactive and price transparency is limited. Certain transactions are executed for which quoted market prices are not available. Quoted market prices for varying periods in active markets are readily available for valuing forward contracts, futures contracts, swap agreements and purchase and sales transactions in the commodity markets in which Energy Marketing & Trading transacts. For contracts or transactions that extend into periods for which actively quoted prices are not available, Energy Marketing & Trading estimates energy commodity prices in the illiquid periods by incorporating information obtained from commodity prices in actively quoted markets, prices reflected in current transactions and market fundamental analysis. For contracts where quoted market prices are not available, primarily transportation, storage, full requirements, load serving and power tolling contracts, Energy Marketing & Trading estimates fair value using models and other valuation techniques that reflect the best information available under the circumstances. Fair value for energy-related contracts is estimated using valuation techniques that incorporate option pricing theory, statistical and simulation analysis, present value concepts incorporating risk from uncertainty of the timing and amount of estimated cash flows and specific contractual terms. These valuation techniques utilize factors such as quoted energy commodity market prices, estimates of energy commodity market prices in the absence of quoted market prices, volatility factors underlying the positions, estimated correlation of energy commodity prices, contractual volumes, estimated volumes under option and other arrangements, liquidity of the market in which the contract is transacted, and a risk-free market discount rate. Fair value also reflects a risk premium that market participants would consider in their determination of fair value. Regardless of the method for which fair value is determined, the recognized fair value of all contracts also considers the risk of non-performance and credit considerations of the counterparty.

In some cases, Energy Marketing & Trading enters into price-risk management contracts that have forward start dates commencing upon completion of construction and development of assets to be owned and operated by third parties. Until construction commences, revenue recognition and the fair value of these contracts is limited to the amount of any guaranty or similar form of acceptable credit support that encourages the counterparty to perform under the terms of the contract with appropriate consideration for any contractual provisions that provide for contract termination by the counterparty.

The fair value of Energy Marketing & Trading's trading portfolio is continually subject to change due to changing market conditions and changing trading portfolio positions. Determining fair value for these contracts also involves complex assumptions including estimating natural gas and power market prices in

illiquid periods and markets, estimating volatility and correlation of natural gas and power prices, evaluating risk arising from uncertainty inherent in estimating cash flows and estimates regarding counterparty performance and credit considerations.

GAS PIPELINE REVENUES

Revenues for sales of products are recognized in the period of delivery, and revenues from the transportation of gas are recognized in the period the service is provided. Gas Pipeline is subject to Federal Energy Regulatory Commission (FERC) regulations and, accordingly, certain revenues collected may be subject to possible refunds upon final orders in pending rate cases. Gas Pipeline records estimates of rate refund liabilities considering Gas Pipeline and other third-party regulatory proceedings, advice of counsel and estimated total exposure, as discounted and risk weighted, as well as collection and other risks.

ENERGY SERVICES REVENUES

Revenues generally are recorded when services have been performed or products have been delivered. A portion of Petroleum Services is subject to FERC regulations and, accordingly, the method of recording these revenues is consistent with Gas Pipeline's method discussed above.

Additionally, revenues from the production of natural gas in properties for which Exploration & Production has an interest with other producers, are recognized based on the actual volumes sold during the period. Any differences between volumes sold and entitlement volumes, based on Exploration & Production's net working interest, which are determined to be non-recoverable through remaining production, are recognized as accounts receivable or accounts payable, as appropriate. Cumulative differences between volumes sold and entitlement volumes are not significant.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, Williams adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard, as amended, did not impact the accounting for derivatives within Energy Marketing & Trading's energy commodity risk management and trading activities which are accounted for at fair value as discussed above. All other derivatives are reflected on the balance sheet at their fair value and are recorded in other current assets, other assets and deferred charges, accrued liabilities and other liabilities and deferred income in the Consolidated Balance Sheet as of December 31, 2001.

Derivative instruments held by Williams, other than those utilized in the energy risk management and trading activities, consist primarily of futures contracts, swap agreements, forward contracts and option contracts. Most of these transactions are executed in exchange-traded or over-the-counter markets for which quoted prices in active periods exist. For contracts with lives exceeding the time period for which quoted prices are available, fair value determination involves estimating commodity prices during the illiquid periods by incorporating information obtained from commodity prices in actively quoted markets, prices reflected in current transactions and market fundamental analysis.

The accounting for changes in the fair value of a derivative depends upon whether it has been designated in a hedging relationship and, further, on the type of hedging relationship. To qualify for designation in a hedging relationship, specific criteria must be met and the appropriate documentation maintained. Hedging relationships are established pursuant to Williams' risk management policies and are initially and regularly evaluated to determine whether they are expected to be, and have been, highly effective hedges. If a derivative ceases to be a highly effective hedge, hedge accounting is discontinued prospectively, and future changes in the fair value of the derivative are recognized in earnings each period. Changes in the fair value of derivatives not designated in a hedging relationship are recognized in earnings each period.

For derivatives designated as a hedge of a recognized asset or liability or an unrecognized firm commitment (fair value hedges), the changes in the fair value of the derivative as well as changes in the fair value of the hedged item attributable to the hedged risk are recognized each period in earnings. If a firm commitment designated as the hedged item in a fair value hedge is terminated or otherwise no longer qualifies as the hedged item, any asset or liability previously recorded as part of the hedged item is recognized currently in earnings.

For derivatives designated as a hedge of a forecasted transaction or of the variability of cash flows related to a recognized asset or liability (cash flow hedges), the effective portion of the change in fair value of the derivative is reported in other comprehensive income and reclassified into earnings in the period in which the hedged item affects earnings. Amounts excluded from the effectiveness calculation and any ineffective portion of the change in fair value of the derivative are recognized currently in earnings. Gains or losses deferred in accumulated other comprehensive income associated with terminated derivatives and derivatives that cease to be highly effective hedges remain in accumulated other comprehensive income until the hedged item affects earnings. Forecasted transactions designated as the hedged item in a cash flow hedge are regularly evaluated to assess whether they continue to be probable of occurring. If the forecasted transaction is no longer probable of occurring, any gain or loss deferred in accumulated other comprehensive income is recognized in earnings currently.

On January 1, 2001, Williams recorded a cumulative effect of an accounting change associated with the adoption of SFAS No. 133, as amended, to record all derivatives at fair value. The cumulative effect of the accounting change was not material to net income (loss), but resulted in a $95 million reduction of other comprehensive income (net of income tax benefits of $59 million) related to derivatives which hedge the variable cash flows of certain forecasted energy commodity transactions. Of the transition adjustment recorded in other comprehensive income at January 1, 2001, net losses of approximately $90 million (net of income tax benefits of $56 million) were reclassified into earnings during 2001, offsetting net gains realized in earnings from favorable market movements associated with the underlying transactions being hedged.

With the adoption of SFAS No. 133 on January 1, 2001, the accounting for certain aspects of derivative instruments and hedging activities was different in periods prior to the adoption of SFAS No. 133. Prior to 2001, Williams entered into energy derivative financial instruments and derivative commodity instruments (primarily futures contracts, option contracts and swap agreements) to hedge against market price fluctuations of certain commodity inventories and sales and purchase commitments. Certain of these instruments were not required to be recorded on the balance sheet; there was not a distinction between cash flow and fair value hedges and no ineffectiveness was required to be recorded currently in earnings. Unrealized and realized gains and losses on those hedge contracts were deferred and recognized in income in the same manner as the hedged item. No unrealized gains or losses were required to be reported in other comprehensive income. These contracts were initially and regularly evaluated to determine that there was high correlation between changes in the fair value of the hedge contract and fair value of the hedged item. In instances where the anticipated correlation of price movements did not occur, hedge accounting was terminated and future changes in the value of the instruments were recognized as gains or losses. If the hedged item of the underlying transaction was sold or settled, the instrument was recognized into income (loss).

Williams entered into interest-rate swap agreements to modify the interest characteristics of its long-term debt. These agreements were designated with all or a portion of the principal balance and term of specific debt obligations. These agreements involved the exchange of amounts based on a fixed interest rate for amounts based on variable interest rates without an exchange of the notional amount upon which the payments are based. The difference to be paid or received was accrued and recognized as an adjustment of interest accrued. Gains and losses from terminations of interest-rate swap agreements were deferred and amortized as an adjustment of the interest expense on the outstanding debt over the remaining original term of the terminated

swap agreement. In the event the designated debt was extinguished, gains and losses from terminations of interest-rate swap agreements were recognized into income (loss).

MAJOR MAINTENANCE COSTS

Williams incurs planned major maintenance costs at its two refineries and an ethylene production facility and accrues for these costs in advance of the period in which costs are actually incurred. For the refineries, such repairs are completed over a planned cycle of five to six years, with modular components completed each year. For the ethylene facility, major maintenance repairs are scheduled to occur approximately every four years. At December 31, 2001, the total expected cost of the major maintenance projects was approximately $40 million for the refineries and approximately $6 million for the ethylene production facility. The balance of costs to be accrued is approximately $28 million for the refineries and $5 million for the ethylene production facility over the 2002-2005 period.

Accruals are initiated upon completion of the most recent major maintenance project. These projects are completed over periods of several days to several weeks, with annual accruals in advance of costs actually being incurred expected to total approximately $7 million for the refineries and approximately $2 million for the ethylene production facility over the 2002-2005 period.

IMPAIRMENT OF LONG-LIVED ASSETS

Williams evaluates the long-lived assets, including other intangibles and related goodwill, of identifiable business activities for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When such a determination has been made, management's estimate of undiscounted future cash flows attributable to the assets is compared to the carrying value of the assets to determine whether an impairment has occurred. If an impairment of the carrying value has occurred, the amount of the impairment recognized in the financial statements is determined by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value.

For assets identified to be disposed of in the future, the carrying value of these assets is compared to the estimated fair value less the cost to sell to determine if recognition of an impairment is required. Until the assets are disposed of, the estimated fair value is redetermined when related events or circumstances change.

Judgments and assumptions are inherent in management's estimate of undiscounted future cash flows used to determine recoverability of an asset and the estimate of an asset's fair value used to calculate the amount of impairment to recognize. The use of alternate judgments and/or assumptions could result in the recognition of different levels of impairment charges in the financial statements.

CAPITALIZATION OF INTEREST

Williams capitalizes interest on major projects during construction. Interest is capitalized on borrowed funds and, where regulation by the FERC exists, on internally generated funds. The rates used by regulated companies are calculated in accordance with FERC rules. Rates used by unregulated companies are based on the average interest rate on debt. Interest capitalized on internally generated funds, as permitted by FERC rules, is included in non-operating other income (expense) -- net.

EMPLOYEE STOCK-BASED AWARDS

Employee stock-based awards are accounted for under Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Fixed-plan common stock options generally do not result in compensation expense because the exercise price of the stock options equals the market price of the underlying stock on the date of grant.

INCOME TAXES

Williams includes the operations of its subsidiaries in its consolidated tax return. Deferred income taxes are computed using the liability method and are provided on all temporary differences between the financial basis and the tax basis of Williams' assets and liabilities. Management's judgment and income tax assumptions are used to determine the levels, if any, of valuation allowances associated with deferred tax assets.

EARNINGS PER SHARE

Basic earnings per share are based on the sum of the average number of common shares outstanding and issuable restricted and deferred shares. Diluted earnings per share include any dilutive effect of stock options and, for applicable periods presented, convertible preferred stock.

FOREIGN CURRENCY TRANSLATION

The functional currency of Williams is the U.S. dollar. The functional currency of certain of Williams' continuing foreign operations is the local currency for the applicable foreign subsidiary or equity method investee. These foreign currencies include the Canadian dollar, British pound, Euro, and Brazilian real. Assets and liabilities of certain foreign subsidiaries and equity investees are translated at the spot rate in effect at the applicable reporting date, and the combined statements of operations and Williams' share of the results of operations of its equity affiliates are translated at the average exchange rates in effect during the applicable period. The resulting cumulative translation adjustment is recorded as a separate component of other comprehensive income (loss).

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transactions gains and losses which are reflected in the Consolidated Statement of Operations.

ISSUANCE OF EQUITY OF CONSOLIDATED SUBSIDIARY

Sales of equity, common stock or limited partnership units, by a consolidated subsidiary are accounted for as capital transactions with the adjustment to capital in excess of par value. No gain or loss is recognized on these transactions.

SECURITIZATIONS AND TRANSFERS OF FINANCIAL INSTRUMENTS

Williams has agreements to sell, on an ongoing basis, certain of its trade accounts receivable through revolving securitization structures and retains servicing responsibilities as well as a subordinate interest in the transferred receivables. Williams accounts for the securitization of trade accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." As a result, the related receivables are removed from the Consolidated Balance Sheet and a retained interest is recorded for the amount of receivables sold in excess of cash received.

Williams determines the fair value of its retained interests based on the present value of future expected cash flows using management's best estimates of various factors, including credit loss experience and discount rates commensurate with the risks involved. These assumptions are updated periodically based on actual results, thus the estimated credit loss and discount rates utilized are materially consistent with historical performance. The fair value of the servicing responsibility is estimated based on internal costs, which approximate market. Costs associated with the sale of receivables are included in nonoperating other income (expense) -- net in the Consolidated Statement of Operations.

RECENT ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 establishes accounting and reporting standards for business combinations and requires all business combinations to be accounted for by the purchase method. The Statement is effective for all business combinations initiated after June 30, 2001, and any business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. SFAS No. 142 addresses accounting and reporting standards for goodwill and other intangible assets. Under the provisions of this Statement, goodwill and intangible assets with indefinite useful lives are no longer amortized, but will be tested annually for impairment. Williams applied the new rules on accounting for goodwill and other intangible assets beginning January 1, 2002. Application of the nonamortization provisions of the Statement will not materially impact the comparability of the Consolidated Statement of Operations. During first-quarter 2002, Williams began the initial impairment tests of goodwill as of January 1, 2002. Preliminary results of these tests have indicated that there will not be a significant unfavorable impact of adopting this standard; however, all tests have not been completed. Approximately $1 billion of goodwill recorded as a result of the Barrett acquisition completed on August 2, 2001, (see Note 2) is not being amortized.

The FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs and amends FASB Statement No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies." The Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The effect of this standard on Williams' results of operations and financial position is being evaluated. While it is likely there will ultimately be material obligations related to the future retirement of assets such as refineries and pipelines, Williams cannot currently estimate the financial impact at the date of adoption as Williams has not yet completed its evaluation. However, it is Williams' belief that any such impact would be a charge to earnings.

The FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and amends Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The Statement retains the basic framework of SFAS No. 121, resolves certain implementation issues of SFAS No. 121, extends applicability to discontinued operations, and broadens the presentation of discontinued operations to include a component of an entity. The Statement is being applied prospectively, beginning January 1, 2002. Initial adoption of the Statement did not have any impact on Williams' results of operations or financial position.

NOTE 2. BARRETT ACQUISITION

Through two transactions, Williams acquired all of the outstanding stock of Barrett. On June 11, 2001, Williams acquired 50 percent of Barrett's outstanding common stock in a cash tender offer of $73 per share for a total of approximately $1.2 billion. Williams acquired the remaining 50 percent of Barrett's outstanding common stock on August 2, 2001, through a merger by exchanging each remaining share of Barrett common stock for 1.767 shares of Williams common stock for a total of approximately 30 million shares of Williams common stock valued at $1.2 billion. The value of the 30 million shares of Williams common stock was based on the average market price of Williams common stock for the 2 days before and after the May 7, 2001, announcement of the terms of the acquisition. This acquisition has been accounted for as a purchase business

combination with a purchase price, including transaction fees and other related costs, of approximately $2.5 billion, excluding $312 million of debt obligations of Barrett assumed in the acquisition.

Williams' 50 percent share of Barrett's results of operations for the period June 11, 2001 to August 1, 2001, as well as amortization of the excess of Williams' investment over the underlying equity in Barrett's net assets for that period, is included in equity earnings within investing income (loss) in the Consolidated Statement of Operations and Exploration & Production's segment profit. Beginning August 2, 2001, 100 percent of Barrett's results of operations is included in Exploration & Production's revenues and operating income in the Consolidated Statement of Operations, and the majority of these assets are included in Exploration & Production's segment assets.

As of August 2, 2001, Barrett's estimated proved gas and oil reserves were 1.9 trillion cubic feet of gas equivalents. Barrett's assets included long-lived reserves that Williams believes offer opportunity for long-term and steady growth and align strategically with Williams' other assets. Williams is a major gatherer and processor in the Rockies and has natural gas pipelines and gas liquids pipelines that transport product out of the Rockies. In addition, these new gas reserves help to balance the risk profile of Williams' growing power trading portfolio by providing an additional physical and natural hedge against a short natural gas position. As a result of the value that the Barrett acquisition provides to Williams overall, $1.0 billion of goodwill was allocated to Exploration & Production and $105.5 million was allocated to Energy Marketing & Trading.

The following unaudited pro forma information combines the results of operations of Williams and Barrett and incorporates the impact of the Williams shares issued as if the purchase of 100 percent of Barrett occurred at the beginning of each year presented:

	2001	2000
	(MILLIONS, EXCEPT PER-SHARE AMOUNTS)	
Revenues	$11,409.3	$9,879.5
Income from continuing operations	917.1	922.0
Net income (loss)	(396.0)	480.9
Basic earnings (loss) per common share:		
Income from continuing operations	$ 1.78	$ 1.95
Net income (loss)	$ (.77)	$ 1.01
Diluted earnings (loss) per common share:		
Income from continuing operations	$ 1.77	$ 1.93
Net income (loss)	$ (.76)	$ 1.00

Pro forma financial information is not necessarily indicative of results of operations that would have occurred if the acquisition had occurred at the beginning of each year presented or of future results of operations of the combined companies.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Fair value is determined based on the nature of the asset acquired or liability assumed and utilizes judgments and assumptions of management. Where available, exchange quoted energy commodity market prices and current interest rate levels were used. When the contract life or estimated reserve life exceeds the time period for which quoted prices are available, judgment is used to estimate the energy commodity prices during the illiquid periods by incorporating information obtained from commodity prices in actively quoted markets, prices reflected in current transactions and market fundamental analysis. Complex judgments also include estimation of the oil and gas reserve quantities, risk associated with the different

categories of oil and gas reserves, timing of development and production of oil and gas reserves, oil and gas capital expenditures necessary to develop the reserves, production costs and discount rate.

	AT AUGUST 2, 2001
	(MILLIONS)
Current deferred income taxes	$ 14.4
Other current assets	113.2
Property, plant and equipment	2,520.4
Goodwill and other assets	1,114.5
Total assets	3,762.5
Current liabilities	134.6
Current energy risk management and trading liabilities	37.0
Long-term debt	312.1
Deferred income taxes	634.7
Noncurrent energy risk management and trading liabilities	61.6
Other liabilities	65.5
Total liabilities	1,245.5
Net assets acquired	$2,517.0

NOTE 3. DISCONTINUED OPERATIONS

EVENTS AROUND THE WCG SEPARATION AND OTHER RELATED INFORMATION

On March 30, 2001, Williams' board of directors approved a tax-free spinoff of WCG to Williams' shareholders. Williams distributed 398.5 million shares, or approximately 95 percent of the WCG common stock held by Williams, to holders of record on April 9, 2001, of Williams' common stock. Distribution of .822399 of a share of WCG common stock for each share of Williams common stock occurred on April 23, 2001.

Williams, prior to the spinoff and in an effort to strengthen WCG's capital structure, entered into an agreement under which Williams contributed an outstanding promissory note from WCG of approximately $975 million and certain other assets, including a building under construction and a commitment to complete the construction. In return, Williams received 24.3 million newly issued common shares of WCG.

The WCG common stock distribution was recorded as a dividend and resulted in a decrease to consolidated stockholders' equity of approximately $2.0 billion, which included an increase to accumulated other comprehensive income of approximately $21.3 million. The WCG shares retained by Williams are included in investments in the Consolidated Balance Sheet. In third-quarter 2001, Williams recognized a $70.9 million loss related to the write-down of this investment due to the decline in value which was determined to be other than temporary (see Note 4). At year-end, Williams wrote off its remaining $25 million investment in WCG common stock as discussed further below. Additionally, receivables include amounts due from WCG of approximately $27 million, net of allowance of $85 million, at December 31, 2001. This amount includes a $21 million deferred payment (net of allowance of $85 million) for services provided to WCG due March 15, 2002. In February 2002, the deferred payment from WCG was extended to September 15, 2002.

Williams, prior to the spinoff, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes through a commitment to make available proceeds of a Williams equity issuance or other permitted redemption sources in the event any one of the following were to occur: (1) a WCG default; (2) downgrading of Williams' senior unsecured debt to Ba1 or below by Moody's Investor's Service, BB or below by Standard &

Poor's, or BB+ or below by Fitch Ratings, if Williams' common stock closing price is below $30.22 for ten consecutive trading days while such downgrade is in effect; or (3) to the extent proceeds from WCG's refinancing or remarketing of certain structured notes prior to March 2004 produces proceeds of less than $1.4 billion. On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminates acceleration of the WCG Note Trust Notes due to a WCG bankruptcy or from a Williams credit rating downgrade. The amendment also affirms Williams' obligations for all payments due with respect to the WCG Note Trust Notes, which are due March, 2004, and allows Williams to fund such payments from any available sources. With the exception of the March and September 2002 interest payments, totaling $115 million, WCG remains indirectly obligated to reimburse Williams for any payments Williams is required to make in connection with the Structured Notes.

Williams has provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into an operating lease agreement covering a portion of its fiber-optic network. The total cost of the network assets covered by the lease agreement is $750 million. The lease term initially totaled five years and, if renewed, could extend to seven years. WCG has an option to purchase the covered network assets during the lease term at an amount approximating lessor's cost. On March 6, 2002, a representative of WCG notified Williams that WCG intends to issue a notice so as to be able to purchase the assets in the immediate future. As a result of an agreement between Williams and WCG's revolving credit facility lenders, if Williams gains control of the network assets covered by the lease, Williams may be obligated to return the assets to WCG and the liability of WCG to compensate Williams for such property may be subordinated to the interests of WCG's revolving credit facility lenders and may not mature any earlier than one year after the maturity of WCG's revolving credit facility.

Williams has also provided guarantees on certain performance obligations of WCG totaling approximately $57 million.

Williams has received a private letter ruling from the Internal Revenue Service (IRS) stating that the distribution of WCG common stock would be tax-free to Williams and its stockholders. Although private letter rulings are generally binding on the IRS, Williams will not be able to rely on this ruling if any of the factual representations or assumptions that were made to obtain the ruling are, or become, incorrect or untrue in any material respect. However, Williams is not aware of any facts or circumstances that would cause any of the representations or assumptions to be incorrect or untrue in any material respect. The distribution could also become taxable to Williams, but not Williams shareholders, under the Internal Revenue Code (IRC) in the event that Williams' or WCG's subsequent business combinations were deemed to be part of a plan contemplated at the time of distribution and would constitute a total cumulative change of more than 50 percent of the equity interest in either company.

Under the terms of an amended tax-sharing agreement between WCG and Williams, WCG will remain liable to Williams for federal and state income tax audit adjustments relating to the period from October 1, 1999, through the date of the spinoff, but will not be responsible for any interest accruing through 2005 on such tax deficiencies. With regard to the tax-free status of the spinoff, Williams will have the overall risk that the transaction is tax free, but WCG will have liability to Williams if WCG causes the spinoff to be taxable. Additionally, WCG and Williams have each agreed to be separately responsible for any tax resulting from actions taken by its respective company that violate the IRC requirement relating to a more than 50 percent change in equity interest in either company discussed above and to mutually monitor activities of both companies with respect to this requirement.

As part of the separation of Williams and WCG, both companies entered into service agreements to support ongoing operations of WCG relating primarily to certain human resources services, buildings and facilities, administrative and strategic sourcing services and information technology. Many of these service agreements expired at the end of 2001, however, certain of the agreements are longer in term and some

agreements have been amended to extend the terms into 2002. As these service agreements expire, the fees and reimbursements that are paid by WCG will also cease.

Williams, with respect to shares of WCG's common stock that Williams retained, has committed to the IRS to dispose of all of the WCG common stock that it retains as soon as market conditions allow, but in any event not longer than five years after the spinoff. As part of a separation agreement, but subject to an additional favorable ruling by the IRS that such a limitation is not inconsistent with any ruling issued to Williams regarding the tax-free treatment of the spinoff, Williams agreed not to dispose of the retained WCG shares for three years from the date of distribution and to notify WCG of an intent to dispose of such shares. However, on February 28, 2002, Williams filed with the IRS a request to withdraw its request for a ruling that the agreement between Williams and WCG that Williams would not transfer any retained WCG stock for a three year period from the spinoff would not be inconsistent with the favorable tax-free treatment ruling issued to Williams. Williams represented in the withdrawal request that it had abandoned its intent to make the lock-up effective, thereby making the ruling request moot.

SIGNIFICANT EVENTS OCCURRING AFTER THE SEPARATION

In third-quarter 2001, Williams purchased the Williams Technology Center and other ancillary assets (Technology Center) and three corporate aircraft from WCG for $276 million, which represents the approximate actual cost of construction of the Williams Technology Center and the acquisition costs of the ancillary assets and aircraft. Williams then entered into long-term lease arrangements under which WCG is the sole lessee of the Technology Center and aircraft (see Note 13). As a result of this transaction, Williams' Consolidated Balance Sheet includes $28.8 million in current accounts and notes receivable and $137.2 million in noncurrent other assets and deferred charges, net of allowance of $103.2 million, relating to amounts due from WCG (see Note 13).

For information relating to litigation involving the distribution of WCG shares see Note 19.

Recent disclosures and announcements by WCG, including WCG's recent announcement that it might seek to reorganize under the U.S. Bankruptcy Code, have resulted in Williams concluding that it is probable that it will not fully realize the $375 million of receivables from WCG at December 31, 2001 nor recover its remaining $25 million investment in WCG common stock. In addition, Williams has determined that it is probable that it will be required to perform under the $2.21 billion of guarantees and payments obligations discussed above. Other events that have affected Williams' assessment include the credit downgrades of WCG, the bankruptcy of a significant competitor announced on January 28, 2002, and public statements by WCG regarding an ongoing comprehensive review of its bank secured credit arrangements. As a result of these factors, Williams, using the best information available at the time and under the circumstances, has developed an estimated range of loss related to its total WCG exposure. Management utilized the assistance of external legal counsel and an external financial and restructuring advisor in making estimates related to its guarantees and payment obligations and ultimate recovery of the contractual amounts receivable from WCG. At this time, management believes that no loss within the range is more probable than another. Accordingly, Williams has recorded the $2.05 billion minimum amount of the range of loss which is reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. Williams recognized a related deferred tax benefit in the Consolidated Statement of Operations of $742.5 million ($68.9 million in continuing operations and $673.6 million in discontinued operations). The ultimate amount of tax benefit realized could be different from the deferred tax benefit recorded, as influenced by potential changes in federal income tax laws and the circumstances upon the actual realization of the tax benefits from WCG's balance sheet restructuring program.

The charge to discontinued operations of $1.84 billion includes the $1.77 billion minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations and

approximately $16 million in expenses. With the exception of the interest on the Note Trust Notes and the expenses, Williams has assumed for purposes of this estimated loss that it will become an unsecured creditor of WCG for all or part of the amounts paid under the guarantees and payment obligations. However, it is probable that Williams will not be able to recover a significant portion of the receivables. The estimated loss from the performance of the guarantees and payment obligations is based on the overall estimate of recoveries on amounts receivable discussed below. Due to the amendment of the WCG Note Trust Notes discussed above, $1.1 billion of the accrued loss will be classified as a long-term liability in the Consolidated Balance Sheet.

The charge to continuing operations of $213 million includes estimated losses from an assessment of the recoverability of carrying amounts of the $106 million deferred payment for services provided to WCG, the $269 million minimum lease payment receivable from WCG, and a remaining $25 million investment in WCG common stock. The $85 million provision on the deferred payment is based on the overall estimate of recoveries on amounts receivable using the same assumptions on collectability as discussed below. The $103 million provision on the minimum lease payments receivable is based on an estimate of the fair value of the leased assets. The $25 million write-off of the WCG investment is based on management's assessment of realization as a result of WCG's balance sheet restructuring program.

The estimated range of loss assumes that Williams, as a creditor of WCG, will recover only a portion of its unsecured claims against WCG. Such claims include a $2.21 billion receivable from performance on guarantees and payment obligations and a $106 million deferred payment for services provided to WCG. With the assistance of external legal counsel and an external financial and restructuring advisor, and considering the best information available at the time and under the circumstances, management developed a range of loss on these receivables with a minimum loss of 80 percent on claims in a bankruptcy of WCG. Estimating the range of loss as a creditor involves making complex judgments and assumptions about uncertain outcomes. The actual loss may ultimately differ from the recorded loss due to changes in numerous factors, which include, but are not limited to, the future demand for telecommunications services and the state of the telecommunications industry, WCG's individual performance, and the nature of the restructuring of WCG's balance sheet. There could be additional losses recognized in the future, a portion of which may be reflected as discontinued operations.

The minimum amount of loss in the range is estimated based on recoveries from a successful reorganization process under Chapter 11 of the U.S. Bankruptcy Code. Recoveries after a successful reorganization process depend, among other things, on the impact of a bankruptcy on WCG's financial performance and WCG's ability to continue uninterrupted business services to its customers and to maintain relationships with vendors. To estimate recoveries of the unsecured creditors, Williams estimated an enterprise value of WCG using a present value analysis and reduced the enterprise value by the level of secured debt which may exist in WCG's restructured balance sheet. In its estimate of WCG's enterprise value, Williams considered a range of cash flow estimates based on information from WCG and from other external sources. Future cash flow projections are valued using discount rates ranging from 17 percent to 25 percent. The range of cash flows is based on different scenarios related to the growth, if any, of WCG's revenues and the impact that a bankruptcy may have on revenue growth. The range of discount rates considers WCG's assumed restructured capital structure and the market return that equity investors may require to invest in a telecommunications business operating in the current distressed industry environment. The range of loss also considers recoveries based on transaction values from recent telecommunications restructurings and from a liquidation of WCG's assets.

Should WCG go into bankruptcy under Chapter 7 of the U.S. Bankruptcy Code, recoveries under a liquidation would include factors such as the nature of WCG's assets, the value of operating assets in a distressed telecommunications market, the cost of liquidation, operating losses during the period of liquidation, the length of liquidation period and claims of creditors superior to those of Williams' unsecured claims.

SUMMARIZED RESULTS OF DISCONTINUED OPERATIONS

Summarized results of discontinued operations for the years ended December 31, 2001, 2000 and 1999, are as follows:

	2001	2000	1999
	(MILLIONS)		
Revenues	$ 329.5*	$ 818.8	$ 575.6
Loss from operations:			
Loss before income taxes	(271.3)*	(252.4)	(272.0)
Estimated before tax loss on disposal of WCG's Solutions segment	--	(323.9)	--
Estimated losses attributable to probable performance on WCG guarantee obligations	(1,839.2)	--	--
Benefit for income taxes	797.4	156.8	73.3
Cumulative effect of change in accounting principle	--	(21.6)	--
Loss from discontinued operations	$(1,313.1)	$(441.1)	$(198.7)

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* Represents results of operations from January 1, 2001 through April 23, 2001.

On January 25, 2001, WCG's board of directors approved a plan for WCG's management to divest operations that previously comprised the Solutions segment. On January 29, 2001, WCG signed an agreement to sell the domestic and Mexican operations of Solutions to Platinum Equity, LLC. This sale closed in first-quarter 2001. WCG divested its remaining Canadian Solutions operations in 2001. The estimated pre-tax loss on disposal of WCG's Solutions segment in 2000 represents the pre-tax estimated loss on sale, including exit costs and the pre-tax estimated operating losses of Solutions from January 1, 2001, to the anticipated disposal date. The 2001 benefit for income taxes attributable to discontinued operations includes an approximately $40 million benefit resulting from Williams finalizing the tax basis of the businesses disposed.

Prior to January 1, 2000, Williams' revenue recognition policy on WCG Solutions' new system sales and upgrades had been to recognize revenues under the percentage-of-completion method. A portion of the revenues on the contracts was initially recognized upon delivery of equipment with the remaining revenues under the contract being recognized over the installation period based on the relationship of incurred labor to total estimated labor. In light of the new guidance in SAB No. 101, effective January 1, 2000, Williams changed its method of accounting for new systems sales and upgrades from the percentage-of-completion method to the completed-contract method. The cumulative effect of the accounting change resulted in a charge to the 2000 loss on discontinued operations of $21.6 million (net of income tax benefits of $14.9 million and minority interest of $21 million).

In October 1999, WCG completed an initial public offering of approximately 34 million shares of its common stock at $23 per share for proceeds of approximately $738 million. In addition, approximately 34 million shares of common stock were privately sold in concurrent investments by SBC Communications Inc., Intel Corporation, and Telefonos de Mexico S.A. de C.V. for proceeds of $738.5 million. These transactions resulted in a reduction of Williams' ownership interest in WCG from 100 percent to 85.3 percent. In accordance with Williams' policy regarding the issuance of subsidiary's common stock, Williams recognized a $1.17 billion increase to Williams' capital in excess of par, a $3.4 million decrease to accumulated other comprehensive income, and an initial increase of $307 million to Williams' minority interest liability. The issuances of stock by WCG were not subject to federal income taxes.

NET ASSETS OF DISCONTINUED OPERATIONS

Net assets of discontinued operations as of December 31, 2000, are as follows:

	2000 (MILLIONS)
Current assets	$1,206.4
Investments	619.9
Property, plant and equipment	5,228.5
Other assets and goodwill	444.0
Total assets	7,498.8
Current liabilities	968.8
Long-term debt	3,511.9
Other liabilities and deferred income	453.9
Minority and preferred interest in consolidated subsidiaries	285.8
Total liabilities and minority interest	5,220.4
	2,278.4
Consolidated tax impact of discontinued operations	190.5
Consolidated minority interest in WCG	(178.7)
Net assets of discontinued operations	$2,290.2

NOTE 4. INVESTING ACTIVITIES

Investing income (loss) for the years ended December 31, 2001, 2000 and 1999, is as follows:

	2001	2000	1999
	(MILLIONS)		
Equity earnings (losses)*	$ 22.7	$ 21.6	$(6.3)
Write-down of investment in WCG stock	(95.9)	--	--
Income (loss) from investments*	(23.3)	0.8	--
Loss provision for WCG receivables (see Note 3)	(188.0)	--	--
Interest income and other	86.1	83.7	31.4
Total	$(198.4)	$106.1	$25.1

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* Items also included in segment profit.

Williams recognized a $94.2 million charge in third-quarter 2001, representing declines in the value of certain investments, including $70.9 million related to Williams' investment in WCG and the $23.3 million related to loss from other investments, which were determined to be other than temporary. These determinations were primarily based on the continued depressed market values of these investments and the overall market value decline experienced by related industry sectors. In addition, a $25 million charge relating to Williams' remaining investment in WCG common stock was recorded in conjunction with Williams' assessment of realization as a result of WCG's balance sheet restructuring program. The total charges of $119.2 million are included in investing income (loss) and are reflected in net income (loss) with no associated tax benefit.

Investments at December 31, 2001 and 2000, are as follows:

	2001	2000
	(MILLIONS)	
Equity method:		
Gulfstream Pipeline, LLC -- 50%	$ 467.8	$ 17.1
Alliance Pipeline -- 14.6%	186.8	183.6
Longhorn Partners Pipeline, L.P. -- 32.1%	105.1	105.3
Discovery Pipeline -- 50%	70.2	87.6
Accroven -- 49.3%	57.1	--
Alliance Aux Sable -- 14.6%	53.9	57.6
AB Mazeikiu Nafta -- 33%	39.1	61.2
Other	191.2	242.2
	1,171.2	754.6
Cost method:		
Gulf Liquids Holdings, LLC	92.2	44.5
Algar Telecom S.A. -- common and preferred stock	52.8	52.8
Asian Infrastructure Fund	36.3	40.5
Other	95.1	72.5
	276.4	210.3
Ferrellgas Partners L.P. senior common units	--	193.9
Advances to affiliates and other	115.5	209.8
	$1,563.1	$1,368.6

Dividends and distributions received from companies carried on the equity basis were $51 million, $21 million and $14 million in 2001, 2000 and 1999, respectively.

The Ferrellgas Partners L.P. senior common units were sold in 2001 for $199.1 million. Williams recognized no gain or loss associated with this transaction as the purchase price of the units sold approximated their carrying value. As part of the sale, Williams is party to a put agreement whereby the purchaser's lenders can require Williams to repurchase the units upon certain events of default by the purchaser or failure or default by Williams under any of its debt obligations greater than $60 million. The total contingent obligation under the put agreement at December 31, 2001, was $99.6 million. Williams' contingent obligation reduces as purchaser's payments are made to the lender. The put agreement expires December 30, 2005. There have been no events of default and the purchaser has performed as required under payment terms with the lender.

At December 31, 2001, commitments for additional investments in Gulfstream Pipeline, LLC, certain international cost investments and advances to Longhorn Partners Pipeline, L.P. are $233 million.

NOTE 5. ASSET SALES, IMPAIRMENTS AND OTHER ACCRUALS

The $170 million impairment charge, reflected in the Consolidated Statement of Operations, relates to the soda ash mining facility located in Colorado. The facility, which began production in fourth-quarter 2000, experienced higher than expected construction costs and implementation difficulties through December 2001. As a result, an impairment of the assets based on management's estimate of the fair value was recorded in fourth-quarter 2001. Management's estimate was based on the present value of discounted future cash flows. In addition, management engaged an outside business consulting firm to provide further information to be utilized in management's estimation. Future events and the use of different judgments and/or assumptions could result in the recognition of an additional impairment charge.

Significant gains or losses from asset sales, impairments and other accruals included in other (income) expense -- net within segment costs and expenses for the years ended December 31, 2001, 2000 and 1999, are as follows:

	(GAINS) LOSSES		
	2001	2000	1999
	(MILLIONS)		
ENERGY MARKETING & TRADING			
Impairment of plant for terminated expansion	$ 13.3	$ --	$ --
Guarantee loss accruals and impairments	--	47.5	--
Impairment of distributed power services business	--	16.3	--
Gain on sale of certain retail gas and electric operations	--	--	(22.3)
GAS PIPELINE			
Gain on sale of limited partner units of Northern Border Partners, L.P.	(27.5)	--	--
Loss accrual for royalty claims (see Note 19)	18.3	--	--
ENERGY SERVICES:			
EXPLORATION & PRODUCTION			
Gain on sale of certain interests in gas producing properties	--	--	(14.7)
MIDSTREAM GAS & LIQUIDS			
Impairment of south Texas assets	13.8	--	--
PETROLEUM SERVICES			
Impairment and other loss accruals for travel centers	14.7	--	--
Gain on sale of certain convenience stores	(75.3)	--	--
Impairment of end-to-end mobile computing systems business	12.1	11.9	--

The guarantee loss accruals and impairments of $47.5 million in 2000 include impairment charges resulting from the decision to discontinue mezzanine lending services, and the accruals represent the estimated liabilities associated with guarantees of third-party lending activities.

NOTE 6. PROVISION FOR INCOME TAXES

The provision for income taxes from continuing operations includes:

	2001	2000	1999
	(MILLIONS)		
Current:			
Federal	$242.2	$160.4	$(286.7)
State	28.7	24.7	28.1
Foreign	13.1	4.3	3.4
	284.0	189.4	(255.2)
Deferred:			
Federal	295.5	379.4	465.5
State	33.0	63.8	21.1
Foreign	17.7	(2.7)	(.6)
	346.2	440.5	486.0
Total provision	$630.2	$629.9	$ 230.8

Reconciliations from the provision for income taxes from continuing operations at the federal statutory rate to the provision for income taxes are as follows:

	2001	2000	1999
		(MILLIONS)	
Provision at statutory rate	$513.0	$558.4	$205.0
Increases (reductions) in taxes resulting from:			
State income taxes (net of federal benefit)	40.2	57.5	32.0
Foreign operations-net	12.2	2.1	(1.6)
Change in valuation allowance	44.5	--	--
Other -- net	20.3	11.9	(4.6)
Provision for income taxes	$630.2	$629.9	$230.8

Significant components of deferred tax liabilities and assets as of December 31, 2001 and 2000, are as follows:

	2001	2000
	(MILLIONS)	
Deferred tax liabilities:		
Property, plant and equipment	$3,075.1	$2,268.6
Energy risk management and trading -- net	1,023.1	368.3
Investments	510.2	525.3
Other	170.6	211.5
Total deferred tax liabilities	4,779.0	3,373.7
Deferred tax assets:		
Guarantee obligations related to WCG	742.5	--
Minimum tax credits	249.0	241.7
Accrued liabilities	245.4	230.5
Investments	173.3	--
Receivables	63.1	2.5
Loss carryovers	73.5	--
Rate refunds	35.7	19.4
Other	120.5	80.6
Total deferred tax assets	1,703.0	574.7
Valuation allowance	173.3	--
Net deferred tax assets	1,529.7	574.7
Overall net deferred tax liabilities	$3,249.3	$2,799.0

Cash payments for income taxes (net of refunds) were $87 million and $112 million in 2001 and 2000, respectively. In 1999, cash refunds exceeded cash payments resulting in a net refund of $387 million. Federal tax refunds received in 1999 are reflected as current tax benefits with offsetting deferred tax provisions attributable to temporary differences between the book and tax basis of certain assets.

Valuation allowances were established during 2001 for deferred tax assets from basis differences in investments for which the ultimate realization of the tax asset may be dependent on future capital gains. The recording of the investment in the retained shares of WCG after the spinoff (see Note 3) resulted in a $129 million tax asset for which a valuation allowance of $129 million was established. The remaining $44 million of the tax asset, for which a valuation allowance was established, resulted from the financial impairment of certain investments during 2001 (see Note 4).

The merger with Barrett (see Note 2) resulted in $620 million of net liability added to Williams' deferred tax balances as of the merger date. Included in this amount was $70 million of deferred tax assets for pre-affiliation federal net operating loss carryovers which are expected to be utilized by Williams prior to expiration of the carryovers in 2011 through 2018.

NOTE 7. EXTRAORDINARY GAIN

On December 17, 1999, Williams sold its retail propane business, Thermogas L.L.C. (Thermogas), previously a subsidiary of MAPCO, to Ferrellgas Partners L.P. (Ferrellgas) for $443.7 million, including $175 million in senior common units of Ferrellgas. The sale resulted from an unsolicited offer from Ferrellgas and yielded an after-tax gain of $65.2 million (net of a $47.9 million provision for income taxes), which is reported as an extraordinary gain. The results of operations from this business are not significant to consolidated net income for 1999. Thermogas operations for 1999 are reported within the Energy Marketing & Trading segment.

NOTE 8. EARNINGS PER SHARE

Basic and diluted earnings per common share are computed for the years ended December 31, 2001, 2000 and 1999, as follows:

	2001	2000	1999
	(DOLLARS IN MILLIONS, EXCEPT PER-SHARE AMOUNTS; SHARES IN THOUSANDS)		
Income from continuing operations	$ 835.4	$ 965.4	$ 354.9
Convertible preferred stock dividends	--	--	(2.8)
Income from continuing operations available to common stockholders for basic earnings per share	835.4	965.4	352.1
Effect of dilutive securities:			
Convertible preferred stock dividends	--	--	2.8
Income from continuing operations available to common stockholders for diluted earnings per share	$ 835.4	$ 965.4	$ 354.9
Basic weighted-average shares	496,935	444,416	436,117
Effect of dilutive securities:			
Convertible preferred stock	--	--	5,403
Stock options	3,632	4,904	5,395
Diluted weighted-average shares	500,567	449,320	446,915
Earnings per share from continuing operations:			
Basic	$ 1.68	$ 2.17	$ .81
Diluted	$ 1.67	$ 2.15	$ .79

Approximately 15.3 million, 7.2 million and 6.2 million options to purchase shares of common stock with weighted-average exercise prices of $36.12, $43.11 and $38.56, respectively, were outstanding on December 31, 2001, 2000 and 1999, respectively, but have been excluded from the computation of diluted earnings per share. Inclusion of these shares would have been antidilutive, as the exercise prices of the options exceeded the average market prices of the common shares for the respective years.

NOTE 9. EMPLOYEE BENEFIT PLANS

The following table presents the changes in benefit obligations and plan assets for pension benefits and other postretirement benefits for the years indicated. It also presents a reconciliation of the funded status of these benefits to the amount recognized in the Consolidated Balance Sheet at December 31 of each year indicated. The year 2000 disclosure excludes WCG which has been accounted for as discontinued operations (see Note 1). Subsequent measurement of the impact of the spinoff of WCG identified additional benefit obligations and plan assets of $2.3 million and $11.8 million, respectively, which have been included in the table as a divestiture in the year 2001.

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2001	2000	2001	2000
	(MILLIONS)			
Change in benefit obligation:				
Benefit obligations at beginning of year....	$ 937.8	$ 791.5	$ 466.8	$ 443.3
Service cost..............................	37.0	34.1	6.9	7.5
Interest cost.............................	71.6	69.6	29.5	33.1
Plan participants' contributions...........	--	--	2.7	2.0
Amendments................................	--	4.7	--	--
Divestiture...............................	(2.3)	--	--	--
Special termination benefit cost...........	--	11.6	--	1.4
Actuarial loss............................	44.5	111.4	6.9	.5
Benefits paid.............................	(65.3)	(85.1)	(23.8)	(21.0)
Benefit obligation at end of year..........	1,023.3	937.8	489.0	466.8
Change in plan assets:				
Fair value of plan assets at beginning of year..................................	981.5	1,079.9	254.2	252.5
Actual return on plan assets...............	(81.4)	(29.1)	(14.4)	(6.5)
Divestiture...............................	(11.8)	--	--	--
Employer contributions.....................	63.0	15.8	28.9	27.2
Plan participants' contributions...........	--	--	2.7	2.0
Benefits paid.............................	(65.3)	(61.7)	(23.8)	(21.0)
Settlement benefits paid...................	--	(23.4)	--	--
Fair value of plan assets at end of year....	886.0	981.5	247.6	254.2
Funded status...............................	(137.3)	43.7	(241.4)	(212.6)
Unrecognized net actuarial (gain) loss........	254.8	22.2	37.9	(8.1)
Unrecognized prior service credit............	(11.4)	(13.5)	(1.3)	(1.2)
Unrecognized transition (asset) obligation....	.4	(.2)	44.8	48.9
Prepaid (accrued) benefit cost...............	$ 106.5	$ 52.2	$(160.0)	$(173.0)

Amounts recognized in the Consolidated Balance Sheet consist of:

Prepaid benefit cost.........................	$ 135.1	$ 79.7	$ --	5.9
Accrued benefit cost.........................	(34.1)	(27.5)	(160.0)	(178.9)
Intangible asset............................	1.9	--	--	--
Accumulated other comprehensive income (before tax).....................................	3.6	--	--	--
Prepaid (accrued) benefit cost...............	$ 106.5	$ 52.2	$(160.0)	$(173.0)

Net pension and other postretirement benefit expense consists of the following:

	PENSION BENEFITS		
	2001	2000	1999
	(MILLIONS)		
Components of net periodic pension expense:			
Service cost	$37.0	$34.1	$36.0
Interest cost	71.6	69.6	65.1
Expected return on plan assets	(98.8)	(96.3)	(89.6)
Amortization of transition asset	(.6)	(.8)	(.7)
Amortization of prior service credit	(2.1)	(2.1)	(2.4)
Recognized net actuarial loss	.5	--	2.1
Regulatory asset amortization	4.8	4.4	7.2
Settlement/curtailment gain	--	--	(5.6)
Special termination benefit cost	--	11.6	2.2
Net periodic pension expense	$12.4	$20.5	$14.3

	OTHER POSTRETIREMENT BENEFITS		
	2001	2000	1999
	(MILLIONS)		
Components of net periodic postretirement benefit expense:			
Service cost	$ 6.9	$ 7.5	$ 8.5
Interest cost	29.5	33.1	29.9
Expected return on plan assets	(22.6)	(17.3)	(14.3)
Amortization of transition obligation	4.1	4.1	4.0
Amortization of prior service cost	.1	.2	.1
Recognized net actuarial loss (gain)	(2.6)	(.9)	.3
Regulatory asset amortization	14.7	8.7	9.0
Special termination benefit cost	--	1.4	--
Net periodic postretirement benefit expense	$ 30.1	$ 36.8	$ 37.5

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $65.7 million, $51.9 million and $19.7 million, respectively, as of December 31, 2001, and $65.0 million, $50.4 million and $22.5 million, respectively, as of December 31, 2000.

The following are the weighted-average assumptions utilized as of December 31 of the year indicated:

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2001	2000	2001	2000
Discount rate	7.5%	7.5%	7.5%	7.5%
Expected return on plan assets	10	10	10	10
Expected return on plan assets (net of effective tax rate)	N/A	N/A	8.2	6
Rate of compensation increase	5	5	N/A	N/A

The annual assumed rate of increase in the health care cost trend rate for 2002 is 11.8 percent, and systematically decreases to 5 percent by 2015.

The various nonpension postretirement benefit plans which Williams sponsors provide for retiree contributions and contain other cost-sharing features such as deductibles and coinsurance. The accounting for

these plans anticipates future cost-sharing changes to the written plans that are consistent with Williams' expressed intent to increase the retiree contribution rate generally in line with health care cost increases.

The health care cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	POINT INCREASE	POINT DECREASE
	(MILLIONS)	
Effect on total of service and interest cost components....	$ 5.2	$ (4.2)
Effect on postretirement benefit obligation................	66.3	(54.3)

The amount of postretirement benefit costs deferred as a regulatory asset at December 31, 2001 and 2000, is $56 million and $84 million, respectively, and is expected to be recovered through rates over approximately 13 years.

Williams maintains various defined-contribution plans. Williams recognized costs related to continuing operations of $36 million in 2001, $30 million in 2000 and $29 million in 1999 for these plans.

NOTE 10. INVENTORIES

Inventories at December 31, 2001 and 2000, are as follows:

	2001	2000
	(MILLIONS)	
Raw materials:		
Crude oil..	$117.7	$ 70.0
Other..	1.3	1.6
	119.0	71.6
Finished goods:		
Refined products...	265.0	269.6
Natural gas liquids......................................	142.6	200.2
General merchandise......................................	14.5	12.5
	422.1	482.3
Materials and supplies.....................................	134.6	122.9
Natural gas in underground storage..........................	136.4	169.0
Other..	1.7	2.6
	$813.8	$848.4

As of December 31, 2001 and 2000, approximately 35 percent and 54 percent of inventories, respectively, were stated at fair value. Inventories, primarily related to energy risk management and trading activities, stated at fair value at December 31, 2001 and 2000, included refined products of $90.8 million and $195.1 million, respectively; natural gas in underground storage of $65.3 million and $125.8 million, respectively; and natural gas liquids of $97.9 million and $124.4 million, respectively. Inventories determined using the LIFO cost method were approximately five percent and three percent of inventories at December 31, 2001 and 2000, respectively. Certain crude oil and refined products inventories determined using the FIFO cost method and adjusted for the effects of fair value hedges, as prescribed by SFAS No. 133 were approximately 25 percent of inventories at December 31, 2001. The remaining inventories were primarily determined using the average-cost method.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2001 and 2000, is as follows:

	2001	2000
	(MILLIONS)	
Cost:		
Energy Marketing & Trading	$ 378.9	$ 299.8
Gas Pipeline	9,929.4	9,084.9
Energy Services:		
Exploration & Production	3,267.1	526.3
International	800.1	820.3
Midstream Gas & Liquids	5,512.4	5,098.9
Petroleum Services	2,722.8	2,588.2
Williams Energy Partners	382.8	341.0
Other	281.9	269.4
	23,275.4	19,028.8
Accumulated depreciation, depletion and amortization	(5,556.2)	(4,822.9)
	$17,719.2	$14,205.9

Depreciation, depletion and amortization expense for property, plant and equipment was $790.7 million, $636.1 million and $585.1 million, respectively, in 2001, 2000 and 1999.

Included in gross property, plant and equipment at December 31, 2001 and 2000, is approximately $1.1 billion and $940 million, respectively, of construction in progress which is not yet subject to depreciation. In addition, property of Exploration & Production includes approximately $839 million at December 31, 2001, of capitalized costs from the Barrett acquisition (see Note 2) related to properties with probable reserves not yet subject to depletion.

Commitments for construction and acquisition of property, plant and equipment are approximately $771 million at December 31, 2001.

Included in net property, plant and equipment is approximately $1.8 billion and $1.9 billion at December 31, 2001 and 2000, respectively, related to amounts in excess of the original cost of the regulated facilities within Gas Pipeline as a result of Williams' and prior acquisitions. This amount is being amortized over the estimated remaining useful lives of these assets at the date of acquisition. Current FERC policy does not permit recovery through rates for amounts in excess of original cost of construction.

NOTE 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Under Williams' cash-management system, certain subsidiaries' cash accounts reflect credit balances to the extent checks written have not been presented for payment. The amounts of these credit balances included in accounts payable are $32 million at December 31, 2001, and $70 million at December 31, 2000.

Accrued liabilities at December 31, 2001 and 2000, are as follows:

	2001	2000
	(MILLIONS)	
Employee costs	$ 371.2	$ 335.8
Deposits received from customers relating to energy risk management and trading and hedging activities	265.5	244.6
Interest	213.0	151.3
Taxes other than income taxes	165.4	128.5
Income taxes	105.7	18.4
Rate refunds	95.9	72.1
Other	748.5	436.7
	$1,965.2	$1,387.4

NOTE 13. DEBT, LEASES AND BANKING ARRANGEMENTS

NOTES PAYABLE

During 2001, Williams' commercial paper program, backed by a short-term credit facility, was increased from $1.7 billion to $2.2 billion. At December 31, 2001 and 2000, $1.4 billion and $1.7 billion, respectively, of commercial paper was outstanding under the respective programs. Interest rates vary with current market conditions. In January 2002, $300 million of commercial paper was repaid with proceeds from the issuance of long-term debt obligations and, as such, $300 million is classified as long-term as discussed below. In addition, Williams has entered into various other short-term credit agreements, as discussed below, with amounts outstanding totaling $300 million at December 31, 2001, as compared to $350 million at December 31, 2000. The weighted-average interest rate on all short-term borrowings at December 31, 2001 and 2000, was 3.33 percent and 7.18 percent, respectively.

In June 2001, Williams entered into a $200 million (amended in July to $300 million) short-term debt obligation expiring January 2002. The interest rate varies based on LIBOR plus .875 with an interest rate of 2.81 percent at December 31, 2001. In January 2002, this debt obligation was repaid with proceeds from the issuance of long-term debt obligations and, as such, is classified as long-term as discussed below.

In July 2001, Williams issued $300 million in floating rate notes due July 2002. The interest rate varies based on LIBOR plus .875 percent and was 3.15 percent at December 31, 2001.

LONG-TERM DEBT

Long-term debt at December 31, 2001 and 2000, is as follows:

	WEIGHTED AVERAGE INTEREST RATE*	2001	2000
		(MILLIONS)	
Revolving credit loans	3.3%	$ 53.7	$ 350.0
Commercial paper	3.4	300.0	--
Debentures 6.25% -- 10.25%, payable 2003 -- 2031	7.4	1,585.4	1,103.5
Notes, 5.1% -- 9.45%, payable through 2031(1)	7.2	7,345.3	4,856.8
Notes, adjustable rate, payable through 2004	2.9	1,192.9	2,080.4
Other, including capitalized leases of $9.3 million in 2001, payable through 2016	7.8	60.2	73.9
		10,537.5	8,464.6
Current portion of long-term debt		(1,036.8)	(1,634.1)
		$ 9,500.7	$ 6,830.5

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* At December 31, 2001.

(1) $240 million, 6.125% notes, payable 2012, redeemed at par in February 2002, and $400 million of 6.75% notes, payable 2016, putable/callable in 2006.

For financial statement reporting purposes at December 31, 2001, $300 million of commercial paper, $300 million of short-term debt obligations and $244 million of long-term debt obligations due within one year, which would have otherwise been classified as current, have been classified as noncurrent based on Williams' intent and ability to refinance on a long-term basis. In January 2002, in connection with the issuance of the FELINE PACS (see Note 23), Williams issued $1.1 billion of 6.5 percent long-term debt obligations due in 2007, but subject to remarketing in 2004. Proceeds from the issuance of these long-term debt obligations were sufficient to complete these refinancings.

Under the terms of Williams' $700 million revolving credit agreement, Northwest Pipeline, Transcontinental Gas Pipe Line and Texas Gas Transmission have access to various amounts of the facility, while Williams (Parent) has access to all unborrowed amounts. Interest rates vary with current market conditions. At December 31, 2001, no amounts were outstanding under this revolving credit agreement. Additionally, certain Williams subsidiaries have revolving credit facilities with a total capacity of $110 million at December 31, 2001.

Significant long-term debt issuances and retirements, other than amounts under revolving credit agreements, in 2001 are as follows:

ISSUE/TERMS	DUE DATE	PRINCIPAL AMOUNT
		(MILLIONS)
Issuance of long-term debt in 2001:		
7.875% notes	2021	$750.0
7.125% notes	2011	750.0
7.5% debentures	2031	700.0
6.676% notes (Kern River Gas Transmission)	2002-2016	510.0
7.75% notes	2031	480.0
6.75% Putable Asset Term Securities(1)	2016	400.0
7% notes (Transcontinental Gas Pipe Line)	2011	300.0
Adjustable rate notes (Williams Energy Partners)	2004	90.0
Retirements of long-term debt in 2001:		
Adjustable rate notes	2001	$500.0
6.72% notes (Kern River Gas Transmission)	2001	434.7
6.125% notes	2001	300.0
7.08% debentures (Transcontinental Gas Pipe Line)(2)	2026	192.5
9.375% notes	2001	34.8
6.42% notes (Kern River Gas Transmission)	2001	25.8
Various notes, 6.65%-9.45%	2001	120.4
Various notes, adjustable rate	2001	15.5

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(1) Putable/callable in 2006.

(2) Subject to redemption at par at the option of the debtholder in 2001.

In connection with the Barrett acquisition (see Note 2), Williams' December 31, 2001 Consolidated Balance Sheet includes $155 million of debt obligations of Barrett. Barrett's debt obligations consist of $150 million principal amount of 7.55 percent notes due 2007, which are guaranteed by Williams, and $5 million from purchase price allocation. Additionally, Williams repaid $155 million of debt obligations under Barrett's bank-credit facility in fourth-quarter 2001.

The agreements governing Williams' debt contain covenants and, in some cases, conditions for future borrowings, with which Williams believes it is currently in compliance. The conditions for future borrowings include the absence of default under such agreements, continued accuracy of the representations and warranties contained in such agreements and absence of any material adverse changes. Additionally, the agreements governing Williams' debt include limitations upon liens on Williams' assets with certain exceptions, including purchase money liens, liens existing on property when acquired by Williams, liens on receivables, and liens payable solely out of the proceeds of oil, gas or other minerals produced from the property subject to the lien, as further defined in the agreements and indentures. Most of Williams' private debt agreements, including the $2.2 billion short-term credit facility backing Williams' commercial paper program and $700 million revolving credit agreement, are subject to compliance with certain financial covenants, including a requirement that Williams' net debt, as defined in the governing agreements, not exceed 65 percent of consolidated net worth plus net debt, each as defined in the governing agreements. Consolidated net worth is defined as total assets less liabilities and minority and preferred interests in consolidated subsidiaries plus certain minority interests as defined in the debt agreements. Net debt is defined as all debt, other than non-recourse debt, as well as certain Williams' guarantees as defined in the agreements less cash and cash equivalents. Williams' ratio of net debt to consolidated net worth plus net debt at December 31, 2001 was 61.5 percent. Following the January 2002 issuance of the FELINE PACS (see

Note 23), the definition of consolidated net worth was amended to include those securities and the definition of net debt was amended to exclude those securities. If the FELINE PACS were included in consolidated net worth at December 31, 2001, Williams' ratio of net debt to consolidated net worth plus net debt would have been 57.6 percent. None of the Williams loans, notes or debentures maintains preferential rights in the event of liquidation.

Terms of certain subsidiaries' borrowing arrangements with lenders limit the transfer of funds to Williams (Parent). At December 31, 2001, approximately $423 million of net assets of consolidated subsidiaries was restricted. In addition, certain equity method investees' borrowing arrangements and foreign government regulations limit the amount of dividends or distributions to Williams. Restricted net assets of equity method investees was approximately $337 million at December 31, 2001.

Aggregate minimum maturities, considering the reclassification of current obligations as previously described, for each of the next five years are as follows:

	(MILLIONS)
2002	$1,037
2003	732
2004	1,562
2005	282
2006	1,156

Cash payments for interest (net of amounts capitalized) are as follows: 2001 -- $643 million; 2000 -- $648 million; and 1999 -- $512 million.

LEASES-LESSEE

Future minimum annual rentals under noncancelable operating leases as of December 31, 2001, are payable as follows:

	(MILLIONS)
2002	$ 81.7
2003	57.8
2004	47.0
2005	37.2
2006	28.6
Thereafter	176.7
Total	$429.0

Total rent expense was $112 million in 2001, $107 million in 2000 and $109 million in 1999.

During 2000, Williams entered into operating lease agreements with two special purpose entities (SPEs) owned by third parties covering certain Williams travel center stores, offshore oil and gas pipelines and an onshore gas processing plant. The SPEs are not consolidated by Williams as their equity is provided by non-related parties. The total estimated cost of the assets covered by the lease agreements is approximately $300 million. The lease terms include a five-year base term including the construction phase and can be renewed for another five-year term upon mutual agreement of the lessor and lessee.

Williams has an option to purchase the leased assets during the lease terms at amounts approximating the lessors' cost. Williams provides a residual value guarantee equal to 85 percent of the lessor's cost on the completed travel center stores and equal to 89.9 percent of the lessor's cost, less the present value of actual lease payments, on the offshore oil and gas pipelines and the onshore gas processing plant. In the event that Williams does not exercise its purchase option, Williams expects the fair market value of the covered assets to substantially offset Williams' obligation under the residual value guarantees. Williams' disclosures for future

minimum annual rentals under noncancelable operating leases do not include amounts for residual value guarantees. As of December 31, 2001, approximately $276 million of costs has been incurred by the lessors.

LEASES-LESSOR

In third-quarter 2001, Williams purchased the Technology Center and three corporate aircraft from WCG for $276 million, which represents the approximate actual cost of construction of the Williams Technology Center and the acquisition cost of the ancillary assets and aircraft. Williams then entered into long-term lease arrangements under which WCG is the sole lessee of the Technology Center and aircraft assets. The lease arrangements are fully backed by the underlying assets and have payment terms ranging from three to ten years. WCG has an option to purchase the Technology Center, at any time during the term of the lease, at the unamortized cost of those assets. Williams has a put option that requires WCG to purchase the Technology Center due to a default by WCG on the lease at the unamortized cost of the assets plus accrued rent, or within the 90-day period prior to the 10-year lease termination or in the event of a casualty loss which exceeds set amounts at the unamortized cost of the Technology Center. WCG also has an option to purchase the corporate aircraft, at any time during the term of the lease, at the greater of the unamortized cost or the market value of those assets. The leases are classified as direct-financing leases. As a result, Williams removed the leased assets discussed above from its books and recorded a minimum lease payment receivable equal to the total of the minimum lease payments of $396 million reduced by the unearned interest income which is computed using a variable interest rate and initially equaled $120 million. Lease payments from WCG are applied as a reduction of the receivable while the unearned income is accreted to interest income using the effective interest method over the life of the leases. As of December 31, 2001, the Consolidated Balance Sheet includes $28.8 million in current accounts and notes receivable and $137.2 million (net of allowance for doubtful accounts of $103.2 million) in noncurrent other assets and deferred charges relating to these leasing arrangements.

Future minimum lease payments receivable under the leasing arrangements as of December 31, 2001, are as follows:

	(MILLIONS)
2002	$ 41.9
2003	40.6
2004	36.4
2005	27.1
2006	24.8
Thereafter	204.5
Total minimum lease payments receivable	375.3
Less: Unearned income	(106.1)
Allowance for doubtful accounts	(103.2)
Recorded net minimum lease payments receivable	$ 166.0

NOTE 14. PREFERRED INTERESTS IN CONSOLIDATED SUBSIDIARIES

Williams owns the controlling interest in various entities formed in separate transactions that resulted in the sale of a non-controlling preferred ownership interest in one entity in each transaction to an outside investor. The assets and liabilities of each of these entities are included in the Consolidated Balance Sheet. The preferred ownership interest in each entity is reflected in the preferred interest in consolidated subsidiaries caption of the Consolidated Balance Sheet. The outside investors in these entities are unconsolidated special purpose entities formed solely for the purpose of purchasing the preferred ownership interest in the respective entity and are capitalized with no less than three-percent equity from an independent third party. Each outside investor is entitled to a priority return paid from the operating results of the entity in which they have an

investment. Williams has the option to acquire each outside investor's interest in each entity for an amount approximating the fair value of their ownership interest. Absent the occurrence of certain events, the purchase option can be exercised at any time prior to the expiration of the initial priority return period.

In addition to financial support in favor of these entities, typically in the form of demand notes, Williams provides the outside investor in each entity with certain assurances that the entities involved in each transaction will maintain certain financial ratios and follow various restrictive covenants similar to, but in some cases broader than those found in Williams' credit agreements. A violation of any restrictive covenant, a default by Williams of its debt obligations, a failure to make priority distributions, or a failure to negotiate new priority return structures prior to the end of the initial priority return structure period, could ultimately result in an election by the outside investor in the impacted entity to liquidate the assets of that entity. A liquidation could result in a demand of repayment on any Williams obligations as well as the sale of other assets owned or secured by the entity in order to generate proceeds to return the investor's capital account balance. Williams can prevent liquidation of each entity through the exercise of the option to purchase the outside investor's preferred ownership interest.

At December 31, 2001, outside investors owned preferred interests in the following Williams subsidiaries.

SNOW GOOSE ASSOCIATES, L.L.C.

In December 2000, Williams formed two separate legal entities, Snow Goose Associates, L.L.C. (Snow Goose) and Arctic Fox Assets, L.L.C. (Arctic Fox) for the purpose of generating funds to invest in certain Canadian energy-related assets. An outside investor contributed $560 million in exchange for the non-controlling preferred interest in Snow Goose. The investor in Snow Goose is entitled to quarterly priority distributions, representing an adjustable rate structure of approximately 3.5 percent at December 31, 2001. The initial priority return period is currently set to expire in December 2005.

Snow Goose loaned the proceeds received from the outside investor to Arctic Fox. These proceeds were ultimately used to purchase the Canadian energy-related assets. Snow Goose's sole asset consists of a note receivable, due in December 2005 from Arctic Fox. At December 31, 2001, the assets of Arctic Fox include approximately a $400 million note receivable from Williams Energy (Canada), Inc., due in December 2005, collateralized by the Canadian energy-related assets, $35 million in loans from Williams payable upon demand, an investment in operating assets with a carrying value of approximately $140 million and an investment in 342,000 shares of Williams' cumulative convertible preferred stock with a liquidation value of $1,000 per share. If sold in a liquidation, each share of the Williams' cumulative preferred stock would become convertible into a number of Williams common stock determined by dividing $1,000 by a conversion price. The initial conversion price is $31.8125 per share. The initial conversion price is subject to adjustment for events such as stock splits of Williams common stock, the issuance of stock dividends, issuance of below market value subscription rights or warrants, and issuance of unusually large cash dividends.

In addition to the covenants discussed above, the Snow Goose transaction requires Williams to maintain a credit rating equal to or higher than BBB- by Standard & Poor's or a credit rating equal to or higher than Baa3 by Moody's Investor's Service, but Williams must also maintain credit ratings of BB+ by Standard & Poor's and Ba1 by Moody's Investor's Service regardless of the rating by the other agency. Other significant covenants include: (i) an obligation of Williams Energy (Canada), Inc. to have earnings before interest, taxes, depreciation and amortization each quarter that are at least three times greater than the interest due on its loan from Arctic Fox for the quarter; (ii) an obligation of Williams Energy (Canada), Inc. to have total debt that is less than 50 percent of its total capitalization; (iii) an obligation of Arctic Fox to have assets with a book value that is at least two times larger than the unrecovered capital of the outside investor in Snow Goose; and (iv) an obligation of Arctic Fox to have cash flow each quarter that is at least three times greater than amounts payable to the outside investor in Snow Goose for that quarter.

CASTLE ASSOCIATES L.P.

In December 1998, Williams formed Castle Associates L.P. (Castle) through a series of transactions that resulted in the sale of a non-controlling preferred interest in Castle to an outside investor for $200 million. Williams used the proceeds of the sale for general corporate purposes. At December 31, 2001, the assets of Castle include approximately $145 million in loans from Williams payable upon demand (demand loans), a $125 million loan from a Williams subsidiary secured by operating assets and a Williams guarantee due in December 2003, $60 million in third-party receivables guaranteed by Williams, and approximately $204 million in other various assets. While no event of default would arise from a downgrade of Williams' unsecured credit rating below Baa3 by Moody's Investor's Service and below BBB- by Standard & Poor's, Williams would be required to replace the demand loans with other assets. The outside investor is entitled to quarterly priority distributions based upon an adjustable rate structure of approximately 3.8 percent at December 31, 2001, in addition to a portion of the participation in the operating results of Castle. The initial priority return structure is currently set to expire in December 2002.

Castle must satisfy certain financial covenants beyond those found in Williams' standard credit agreements, including a requirement that it must have assets with a value of at least 1.75 times the outside investors contributed capital, and a requirement that at the end of each fiscal quarter, Castle's profits for the year to date be at least 1.4 times the investor's priority return.

PICEANCE PRODUCTION HOLDINGS LLC

In December 2001, Williams formed Piceance Production Holdings LLC (Piceance) and Rulison Production Company LLC (Rulison) in a series of transactions that resulted in the sale of a non-controlling preferred interest in Piceance to an outside investor for $100 million. Williams used the proceeds of the sale for general corporate purposes. The assets of Piceance include fixed-price overriding royalty interests in certain oil and gas properties owned by a Williams subsidiary as well as a $135 million note from Rulison. The outside investor is entitled to monthly priority distributions beginning in January 2002, based upon an adjustable rate structure currently approximating 3.9 percent in addition to participation in a portion of the operating results of Piceance. The initial priority return structure is currently scheduled to expire in December 2006.

Piceance must satisfy certain financial covenants beyond those found in Williams' standard credit agreements, including a requirement that it have assets with a value of at least 1.35 times the investor's capital account, and a requirement that at the end of each fiscal quarter, Piceance's profits for the year to date be at least 1.2 times the investor's priority return.

Williams is allowed to access the excess cash flow of Piceance and Rulison between distribution period through demand loans. However, if Williams' credit ratings fall below BBB- by Standard & Poor's and Baa3 by Moody's Investor's Service or below BB+ by Standard & Poor's or below Ba1 by Moody's Investor's Service, Williams will be prevented from using demand loans, and therefore excess cash will be retained between distribution periods. These ratings triggers do not force an acceleration.

Failure to satisfy the terms of the agreements would entitle the investor to deliver a transfer notice declaring the occurrence of a transfer event. In such case, unless the Williams' subsidiary that is a member of Piceance exercises its purchase option, the managing member interest will automatically be transferred to the investor ten days following the transfer event. Upon a transfer event, the managing member can elect to liquidate and wind-up Piceance.

In addition to the transactions discussed above, an outside investor owns a non-controlling preferred interest in the following Williams subsidiary.

WILLIAMS RISK HOLDINGS L.L.C.

During 1998, Williams formed Williams Risk Holdings L.L.C. (Holdings) in a series of transactions that resulted in the sale of a non-controlling preferred interest in Holdings to an outside investor for $135 million. Williams used the proceeds from the sale for general corporate purposes. The outside investor in Holdings is not a special purpose entity. The outside investor is entitled to monthly preferred distributions based upon an adjustable rate structure of approximately 5.9 percent at December 31, 2001, in addition to participation in a portion of the operating results of Holdings. The initial priority return structure of Holdings is currently scheduled to expire in September 2003 at which time Williams can attempt to negotiate a new priority return or elect to retire the outside investor's interest. In addition, terms of the Holdings transaction require Williams to maintain a specified minimum credit rating with various ratings organizations. Violation of various restrictive covenants, including a downgrade of Williams' senior unsecured rating below BB by Standard & Poor's or Ba1 by Moody's Investor's Service, could require an early retirement of the outside investor's ownership interest.

Holdings must satisfy certain financial covenants beyond those found in Williams standard credit agreements, including, (i) a requirement that Holdings' cash, promissory notes and investments minus its contingent liabilities be equal to or greater than the purchase price of the outside investors' interests; (ii) a requirement that Holdings' maintain a consolidated net worth at least two times greater than the purchase price of the outside investors' interests; and (iii) a requirement that Holdings' subsidiary's assets exceed by at least 1.05 times the fair market value of such subsidiary's liabilities.

NOTE 15. WILLIAMS OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF TRUST HOLDING ONLY WILLIAMS INDENTURES

In December 1999, Williams formed Williams Capital Trust I which issued $175 million in zero coupon Williams obligated mandatorily redeemable preferred securities. During April 2001, these securities were redeemed.

NOTE 16. STOCKHOLDERS' EQUITY

In January 2001, Williams issued approximately 38 million shares of common stock in a public offering at $36.125 per share. The impact of this issuance resulted in increases of approximately $38 million to common stock and $1.3 billion to capital in excess of par value.

During 1999, each remaining share of the $3.50 Williams preferred stock was converted at the option of the holder into 4.6875 shares of Williams common stock prior to the redemption date.

Williams maintains a Stockholder Rights Plan under which each outstanding share of Williams common stock has one-third of a preferred stock purchase right attached. Under certain conditions, each right may be exercised to purchase, at an exercise price of $140 (subject to adjustment), one two-hundredth of a share of Series A Junior Participating Preferred Stock. The rights may be exercised only if an Acquiring Person acquires (or obtains the right to acquire) 15 percent or more of Williams common stock; or commences an offer for 15 percent or more of Williams common stock; or the board of directors determines an Adverse Person has become the owner of a substantial amount of Williams common stock. The rights, which until exercised do not have voting rights, expire in 2006 and may be redeemed at a price of $.01 per right prior to their expiration, or within a specified period of time after the occurrence of certain events. In the event a person becomes the owner of more than 15 percent of Williams common stock or the board of directors determines that a person is an Adverse Person, each holder of a right (except an Acquiring Person or an Adverse Person) shall have the right to receive, upon exercise, Williams common stock having a value equal to two times the exercise price of the right. In the event Williams is engaged in a merger, business combination or 50 percent or more of Williams' assets, cash flow or earnings power is sold or transferred, each holder of a right (except an Acquiring Person or an Adverse Person) shall have the right to receive, upon

exercise, common stock of the acquiring company having a value equal to two times the exercise price of the right.

NOTE 17. STOCK-BASED COMPENSATION

Williams has several plans providing for common-stock-based awards to employees and to non-employee directors. The plans permit the granting of various types of awards including, but not limited to, stock options, stock-appreciation rights, restricted stock and deferred stock. Awards may be granted for no consideration other than prior and future services or based on certain financial performance targets being achieved. The purchase price per share for stock options and the grant price for stock-appreciation rights may not be less than the market price of the underlying stock on the date of grant. Depending upon terms of the respective plans, stock options generally become exercisable in one-third increments each year from the anniversary of the grant or after three or five years, subject to accelerated vesting if certain future stock prices or if specific financial performance targets are achieved. Stock options expire 10 years after grant. At December 31, 2001, 46.4 million shares of Williams common stock were reserved for issuance pursuant to existing and future stock awards, of which 18.2 million shares were available for future grants (20.9 million at December 31, 2000).

Certain of these plans had loan programs that provided loans for either a three- or five-year term using stock certificates as collateral. Interest payments are due annually during the term of the loan and interest rates are based on the minimum applicable federal rates required to avoid imputed income. The principal amount is due at the end of the loan term. Participants who leave the company during the loan period are required to pay the loan balance and any accrued interest within 30 days of termination. The amount of loans outstanding at December 31, 2001 and 2000, totaled approximately $38.1 million and $53.5 million, respectively.

Effective November 14, 2001, the Company will no longer issue new loans under the stock option loan program. Current loan holders have been offered a one-time opportunity to refinance outstanding loans at a market rate of interest commensurate with the borrower's credit standing. The refinancing, if elected, would be in the form of a full recourse note, interest payable annually in cash, and loan maturity of no later than December 31, 2005. The loan would remain in force until maturity in the event of the employee's termination. The Company would hold the collateral shares and would review the borrower's financial position upon the one-time election and on an annual basis thereafter. If a current loan holder does not make the election to refinance, the current loans would remain outstanding with no refinancing at maturity.

The following summary reflects stock option activity for Williams common stock and related information for 2001, 2000 and 1999:

	2001		2000		1999	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding -- beginning of year	23.1	$28.63	22.8	$25.03	21.7	$20.73
Granted	4.8	37.45	3.8	45.87	5.1	39.62
Exercised	(3.3)	18.47	(3.3)	23.12	(3.7)	18.81
Barrett option conversions (Note 2)	2.0	21.57	--	--	--	--
Adjustment for WCG spinoff(1)	2.1	--	--	--	--	--
Canceled	(3.1)	32.35	(.2)	38.19	(.3)	36.50
Outstanding -- end of year	25.6	$28.23	23.1	$28.63	22.8	$25.03
Exercisable at end of year	20.0	$26.41	22.1	$28.24	21.9	$24.50

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(1) Effective with the spinoff of WCG on April 23, 2001, the number of unexercised Williams stock options and the exercise price were adjusted to preserve the intrinsic value of the stock options that existed prior to the spinoff.

The following summary provides information about Williams stock options outstanding and exercisable at December 31, 2001:

	STOCK OPTIONS OUTSTANDING			STOCK OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	OPTIONS (MILLIONS)	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS (MILLIONS)	WEIGHTED-AVERAGE EXERCISE PRICE
$4.24 to $25.14	10.2	$16.39	3.9 years	10.2	$16.39
$26.79 to $42.52	15.4	36.03	7.5 years	9.8	36.78
Total	25.6	$28.23	6.1 years	20.0	$26.41

The estimated fair value at date of grant of options for Williams common stock granted in 2001, 2000 and 1999, using the Black-Scholes option pricing model, is as follows:

	2001	2000	1999
Weighted-average grant date fair value of options for Williams common stock granted during the year	$10.93	$15.44	$11.90
Assumptions:			
Dividend yield	1.9%	1.5%	1.5%
Volatility	35%	31%	28%
Risk-free interest rate	4.8%	6.5%	5.6%
Expected life (years)	5.0	5.0	5.0

Pro forma net income (loss) and earnings per share, assuming Williams had applied the fair-value method of SFAS No. 123, "Accounting for Stock-Based Compensation" in measuring compensation cost beginning with 1997 employee stock-based awards, are as follows:

	2001		2000		1999	
	PRO FORMA	REPORTED	PRO FORMA	REPORTED	PRO FORMA	REPORTED
	(MILLIONS, EXCEPT PER-SHARE AMOUNTS)					
Net income (loss).............	$(488.8)	$(477.7)	$381.4	$524.3	$168.1	$221.4
Earnings (loss) per share:						
Basic.......................	$ (.98)	$ (.96)	$ .86	$ 1.18	$ .38	$ .50
Diluted.....................	$ (.98)	$ (.95)	$ .85	$ 1.17	$ .37	$ .50

Pro forma amounts for 2001 include compensation expense from certain Williams awards made in 1999 and compensation expense from Williams awards made in 2001.

Pro forma amounts for 2000 include compensation expense from certain Williams awards made in 1999 and the total compensation expense from Williams awards made in 2000, as these awards fully vested in 2000 as a result of the accelerated vesting provisions. Pro forma amounts for 2000 include $37.3 million for Williams awards and $105.7 million related to discontinued operations.

Pro forma amounts for 1999 include the remaining total compensation expense from Williams awards made in 1998 and the total compensation expense from certain Williams awards made in 1999, as these awards fully vested in 1999 as a result of the accelerated vesting provisions. In addition, 1999 pro forma amounts include compensation expense related to the WCG plan awards and conversions in 1999. Pro forma amounts for 1999 include $47.1 million related to Williams awards and $6.2 million related to discontinued operations. Since compensation expense from stock options is recognized over the future years' vesting period for pro forma disclosure purposes, and additional awards generally are made each year, pro forma amounts may not be representative of future years' amounts.

Williams granted deferred shares of approximately 1,423,000 in 2001, 332,000 in 2000 and 260,000 in 1999. Deferred shares are valued at the date of award, and the weighted-average grant date fair value of the shares granted was $40.84 in 2001, $39.13 in 2000 and $34.84 in 1999. Approximately $22 million, $11 million and $13 million was recognized as expense for deferred shares of Williams in 2001, 2000 and 1999, respectively. Expense related to deferred shares is recognized in the performance year or over the vesting period, depending on the terms of the awards. Williams issued approximately 260,000 in 2001, 140,000 in 2000 and 125,000 in 1999, of the deferred shares previously granted.

NOTE 18. FINANCIAL INSTRUMENTS, DERIVATIVES, INCLUDING ENERGY TRADING ACTIVITIES, AND CONCENTRATION OF CREDIT RISK

FINANCIAL INSTRUMENTS FAIR VALUE

Fair-value methods

The following methods and assumptions were used by Williams in estimating its fair-value disclosures for financial instruments:

Cash and cash equivalents and notes payable: The carrying amounts reported in the balance sheet approximate fair value due to the short-term maturity of these instruments.

Retained interest in accounts receivable sold to SPEs: The carrying amounts reported in the balance sheet approximate fair value. Fair value is based on the present value of future expected cash flows using management's best estimates of various factors, including credit loss experience and discount rates commensurate with the risks involved.

Notes and other noncurrent receivables, margin deposits and deposits received from customers relating to energy trading and hedging activities: For those instruments with interest rates approximating market or maturities of less than three years, fair value is estimated to approximate historically recorded amounts.

Investments-cost and advances to affiliates: Fair value is reflected to approximate historically recorded amounts as the investments are primarily in non-publicly traded foreign companies for which it is not practicable to estimate fair value of these investments.

Investment in WCG: Fair value is calculated based on the year-end closing price of WCG common stock. The carrying amount reflects write-downs of the WCG investment to zero (see Note 4).

Ferrellgas Partners L.P. senior common units: These securities are classified as available-for-sale and are reported at fair value, with net unrealized appreciation or depreciation reported as a component of accumulated other comprehensive income.

Long-term debt: The fair value of Williams' long-term debt is valued using indicative year-end traded bond market prices for publicly traded issues, while private debt is valued based on the prices of similar securities with similar terms and credit ratings. At December 31, 2001 and 2000, 75 percent and 59 percent, respectively, of Williams' long-term debt was publicly traded. Williams used the expertise of outside investment banking firms to assist with the estimate of the fair value of long-term debt.

Williams obligated mandatorily redeemable preferred securities of Trust: Fair value is based on the prices of similar securities with similar terms and credit ratings as the preferred securities are not publicly traded. Williams used the expertise of an outside investment banking firm to establish the fair value of obligated mandatorily redeemable preferred securities.

Interest-rate swaps: Fair value is determined by discounting estimated future cash flows using forward-interest rates derived from the year-end yield curve. Fair value was calculated by the financial institutions that are the counterparties to the swaps.

Foreign exchange forward contract: Fair value is determined by discounting estimated future cash flows using forward foreign exchange rates derived from the year-end forward exchange curve. Fair value was calculated by the financial institution that is counterparty to the agreement.

Energy risk management and trading and hedging contracts: Energy contracts utilized in trading activities include forward contracts, futures contracts, option contracts, swap agreements, commodity inventories, short- and long-term purchase and sale commitments, which involve physical delivery of an energy commodity and energy-related contracts, such as transportation, storage, full requirements, load serving and power tolling contracts. In addition, Williams enters into interest-rate swap agreements and credit default swaps to manage the interest rate and credit risk in its energy trading portfolio. Fair value of energy contracts is determined based on the nature of the transaction and the market in which transactions are executed. Certain transactions are executed in exchange-traded or over-the-counter markets for which quoted prices in active periods exist. Transactions are executed in exchange-traded or over-the-counter markets for which quoted market prices may exist; however, the markets may be relatively inactive, and price transparency is limited. Certain transactions are executed for which quoted market prices are not available. See Note 1 regarding Energy commodity risk management and trading activities and Derivative instruments and hedging activities for further discussion about determining fair value for energy contracts.

Carrying amounts and fair values of Williams' financial instruments and energy risk management and trading activities

ASSET (LIABILITY)	2001 CARRYING AMOUNT	2001 FAIR VALUE	2000 CARRYING AMOUNT	2000 FAIR VALUE
	(MILLIONS)			
Financial instruments:				
Cash and cash equivalents	$ 1,301.1	$ 1,301.1	$ 996.8	$ 996.8
Retained interest in accounts receivable sold to SPEs	205.0	205.0	936.4	936.4
Notes and other noncurrent receivables	41.2	41.2	67.3	67.3
Investments-cost and advances to affiliates	383.5	383.5	407.7	407.7
Investment in WCG	--	49.8	--	--
Ferrellgas Partners L.P. senior common units	--	--	193.9	193.9
Notes payable	(1,424.5)	(1,424.5)	(2,036.7)	(2,036.7)
Long-term debt, including current portion	(10,528.2)	(10,710.7)	(8,464.6)	(8,522.3)
Williams obligated mandatorily redeemable preferred securities of Trust	--	--	(189.9)	(191.6)
Margin deposits	213.8	213.8	730.9	730.9
Deposits received from customers relating to energy risk management and trading and hedging activities	(265.5)	(265.5)	(244.6)	(244.6)
Guarantees	(13.2)	(a)	(17.0)	(a)
Derivatives, including energy risk management and trading activities:				
Energy risk management and trading activities:				
Assets	10,723.5	10,723.5	9,710.9	9,710.9
Liabilities	(8,462.3)	(8,462.3)	(8,900.1)	(8,900.1)
Energy commodity cash flow and fair-value hedges:				
Assets	488.9	488.9	--	65.9
Liabilities	(28.1)	(28.1)	(2.5)	(218.1)
Other energy commodity derivatives:				
Assets	--	--	--	--
Liabilities	(11.8)	(11.8)	--	--
Foreign currency hedges	16.9	16.9	--	--
Interest-rate derivatives(b)	--	--	(32.8)	(32.8)

(a) It is not practicable to estimate the fair value of these financial instruments because of their unusual nature and unique characteristics.

(b) At December 31, 2001, Williams had interest rate swaps to mitigate its interest rate risk in its energy trading portfolio and are included in energy risk management and trading and price-risk management activities.

Other financial instruments

Williams, through wholly owned bankruptcy remote subsidiaries, sells certain trade accounts receivable to special purpose entities (SPEs) in a securitization structure requiring annual renewal. Williams acts as the servicing agent for sold receivables and receives a servicing fee approximating the fair value of such services.

At December 31, 2001, approximately $625 million of accounts receivable that would otherwise be Williams receivables were sold to the SPEs in exchange for $420 million in cash and a $205 million subordinated retained interest in the accounts receivable sold to the SPEs. In 2000, Williams sold accounts receivable to special purpose entities under a similar structure. For 2001 and 2000, Williams received cash from the SPEs of approximately $12.8 billion and $9 billion, respectively. The sales of these receivables resulted in a charge to results of operations of approximately $17 million and $23 million in 2001 and 2000, respectively. The retained interest in accounts receivable sold to the SPEs is subject to credit risk to the extent that these receivables are not collected. See Concentration of credit risk below.

In addition to the guarantees included in the table, the guarantees and payment obligations related to WCG discussed in Note 3, certain residual value guarantees discussed in Note 13 and potential obligation under a put agreement discussed in Note 4, Williams has issued other guarantees and letters of credit with off balance sheet risk that total approximately $99 million and $78 million at December 31, 2001 and 2000, respectively. Williams believes it will not have to perform under these other guarantees and letters of credit, because the likelihood of default by the primary party is remote and/or because of certain indemnifications received from other third parties.

DERIVATIVES, INCLUDING ENERGY RISK MANAGEMENT AND TRADING ACTIVITIES

Energy risk management and trading activities

Williams, through Energy Marketing & Trading, has energy commodity risk management and trading operations that enter into energy contracts to provide price-risk management services associated with the energy industry to its customers. Contracts utilized in energy commodity risk management and trading activities include forward contracts, futures contracts, option contracts, swap agreements, short- and long-term purchase and sale commitments which involve physical delivery of an energy commodity and energy-related contracts, including transportation, storage, full requirements, load serving and power tolling contracts. In addition, Williams enters into interest rate swap agreements and credit default swaps to manage the interest rate and credit risk in its energy portfolio. See Note 1 for a description of the accounting valuation for these energy commodity risk management and trading activities. The net gain recognized in revenues from all price-risk management and trading activities was $1,696 million, $1,285.1 million and $214 million in 2001, 2000 and 1999, respectively.

Energy Marketing & Trading actively manages the risk assumed from its activities and operations. This risk results from exposure to commodity market prices, volatility in those prices, correlation of commodity prices, the liquidity of the market in which the contract is transacted, interest rates, credit and counterparty performance. Energy Marketing & Trading manages market risk on a portfolio basis through established trading policy guidelines which are monitored on a daily basis. Energy Marketing & Trading actively seeks to diversify its portfolio in managing the commodity price risk in the transactions that it executes in various markets and regions by executing offsetting contracts to manage such commodity price risk.

Futures contracts are commitments to either purchase or sell a commodity at a future date for a specified price and are generally settled in cash, but may be settled through delivery of the underlying commodity. An exchange-traded or over-the-counter market for which quoted prices in active periods are available exists for the futures contracts entered into by Energy Marketing & Trading. The fair value of these contracts is based on quoted prices.

Swap agreements call for Energy Marketing & Trading to make payments to (or receive payments from) counterparties based upon the differential between a fixed and variable price or variable prices of energy commodities for different locations. Forward contracts and purchase and sale commitments with fixed volumes which involve physical delivery of energy commodities, contain both fixed and variable pricing terms. Swap agreements, forward contracts and purchase and sale commitments with fixed volumes are valued based

on prices of the underlying energy commodities over the contract life and contractual or notional volumes with the resulting expected future cash flows discounted to a present value using a risk-free market interest rate.

Certain of Energy Marketing & Trading's purchase and sale commitments, which involve physical delivery of energy commodities, contain optionality clauses or other arrangements that result in varying volumes. In addition, Energy Marketing & Trading buys and sells physical and financial option contracts which give the buyer the right to exercise the option and receive the difference between a predetermined strike price and a market price at the date of exercise. These contracts are valued based on option pricing models considering prices of the underlying energy commodities over the contract life, volatility of the commodity prices, contractual volumes, estimated volumes under option and other arrangements and a risk-free market interest rate.

Energy-related contracts include transportation, storage, full requirements, load serving and power tolling contracts. Transportation contracts provide Energy Marketing & Trading the right, but not the obligation, to transport physical quantities of natural gas from one location to another on a daily basis. The payment or settlement required typically has a fixed component paid regardless of whether the transportation capacity is used and a variable component. Variable payments are made for shipments actually made during the month. The decision to use the capacity to ship natural gas is based on the difference between the price of natural gas at the pipeline receipt and delivery locations and the variable cost of transportation. Storage contracts provide Energy Marketing & Trading the right, but not the obligation, to store physical quantities of gas to take advantage of anticipated differentials between the price of natural gas during the period between injection and withdrawal and to enable it to supply existing delivery commitments when the estimated price spread differential less the cost of storing the natural gas is favorable. Energy Marketing & Trading enters full requirements arrangements which are structured to meet a variety of customers' needs. Agreements may be designed to manage natural gas and power supply requirements, service load growth, manage unplanned outages or other scenarios. Load serving agreements require Energy Marketing & Trading to procure energy supplies for its customers necessary to meet their load or energy needs. Power tolling contracts provide Energy Marketing & Trading the right, but not the obligation, to call on the counterparty to convert natural gas to electricity at a predefined heat conversion rate. Energy Marketing & Trading supplies the natural gas to the power plants and markets the electricity output. In exchange for this right, Energy Marketing & Trading pays a monthly fee and a variable fee based on usage. The decision as to whether the option will be exercised is dependent on the differential between natural gas and power commodity prices considering the heat conversion rate and variable fee.

Fair value of these energy-related contracts is estimated using valuation techniques that incorporate option pricing theory, statistical and simulation analysis, present value concepts incorporating risk from uncertainty of the timing and amount of estimated cash flows and specific contractual terms. These valuation techniques utilize factors such as quoted energy commodity market prices, estimates of energy commodity market prices in the absence of quoted market prices, volatility factors underlying the positions, estimated correlation of energy commodity prices, contractual volumes, estimated volumes under option and other arrangements, the liquidity of the market in which the contract is transacted and a risk-free market discount rate. Fair value also reflects a risk premium that market participants would consider in their determination of fair value.

Interest-rate swap agreements are used to manage the interest rate risk in the energy trading portfolio. Under these agreements, Energy Marketing & Trading pays a fixed rate and receives a variable rate on the notional amount of the agreements. The fair value of these contracts is determined by discounting estimated future cash flows using forward interest rates derived from interest rate yield curves. Credit default swaps are used to manage counterparty credit exposure in the energy trading portfolio. Under these agreements, Energy Marketing & Trading pays a fixed rate premium for a notional amount of risk coverage associated with certain

credit events. The covered credit events are bankruptcy, obligation acceleration, failure to pay and restructuring. The fair value of these agreements is based on current pricing received from the counterparties.

The valuation of the contracts entered into by Energy Marketing & Trading also considers factors such as the liquidity of the market in which the contract is transacted, uncertainty regarding the ability to liquidate the position considering market factors applicable at the date of such valuation and risk of non-performance and credit considerations of the counterparty. For contracts or transactions that extend into periods for which actively quoted prices are not available, Energy Marketing & Trading estimates energy commodity prices in the illiquid periods by incorporating information obtained from commodity prices in actively quoted markets, prices reflected in current transactions and market fundamental analysis.

Determining fair value for contracts also involves complex assumptions including estimating natural gas and power market prices in illiquid periods and markets, estimating volatility and correlation of natural gas and power prices, evaluating risk from uncertainty inherent in estimating cash flows and estimates regarding counterparty performance and credit considerations.

Energy Marketing & Trading has the risk of loss as a result of counterparties not performing pursuant to the terms of their contractual obligations. Risk of loss can result from credit considerations and the regulatory environment of the counterparty. Energy Marketing & Trading attempts to minimize credit-risk exposure to trading counterparties and brokers through formal credit policies, consideration of credit ratings from public rating agencies, monitoring procedures, master netting agreements and collateral support under certain circumstances. In addition, Williams has entered into credit default swaps to reduce this exposure. Valuation allowances are provided for credit risk in accordance with established credit policies.

The concentration of counterparties within the energy and energy trading industry impacts Williams' overall exposure to credit risk in that these counterparties are similarly influenced by changes in the economy and regulatory issues.

The counterparties associated with assets from energy commodity risk management and trading activities as of December 31, 2001 and 2000, are summarized as follows:

	2001		2000	
	INVESTMENT GRADE(A)	TOTAL	INVESTMENT GRADE(A)	TOTAL
	(MILLIONS)			
Gas and electric utilities	$ 4,253.9	$ 4,924.5	$ 3,281.1	$3,495.2
Energy marketers and traders	5,645.5	6,058.2	4,105.9	4,861.0
Financial institutions	249.8	341.7	674.6	677.2
Other	16.4	47.3	297.1	738.4
Total	$10,165.6	$11,371.7	$ 8,358.7	9,771.8
Credit reserves		(648.2)		(60.9)
Assets from price-risk management activities(b)		$10,723.5		$9,710.9

(a) "Investment Grade" is primarily determined using publicly available credit ratings along with consideration of cash, standby letters of credit, parent company guarantees and property interests, including oil and gas reserves. Included in "Investment Grade" are counterparties with a minimum Standard & Poor's or Moody's Investor's Service rating of BBB- or Baa3, respectively.

(b) One counterparty within the California power market represents greater than ten percent of assets from energy risk management and trading activities and is included in "investment grade." Standard & Poor's or Moody's Investor's Service does not rate this counterparty. However, Energy Marketing & Trading has considered this counterparty investment grade by the manner in which it was established by the State of California.

The notional quantities for trading activities for the prior year, December 31, 2000, as required under previous accounting disclosure rules, were as follows:

	2000	
	PAYOR	RECEIVER
Fixed price:		
Natural gas (Tbtu)	4,552.4	6,406.3
Refined products, NGLs and crude (MMbbls)	450.8	300.9
Power (Terawatt Hrs)	440.0	207.1
Variable price:		
Natural gas (Tbtu)	2,715.5	2,473.5
Refined products, NGLs and crude (MMbbls)	44.2	63.2

The net cash inflows related to these contracts at December 31, 2000 were approximately $1 billion. At December 31, 2000, the cash inflows extend primarily through 2022.

Energy commodity cash flow hedges

Williams is also exposed to market risk from changes in energy commodity prices within the Energy Services business unit and the non-trading operations of Energy Marketing & Trading. Williams utilizes derivatives to manage its exposure to the variability in expected future cash flows attributable to commodity price risk associated with forecasted purchases and sales of natural gas, refined products, crude oil, electricity, ethanol and corn. These derivatives have been designated as cash flow hedges.

Williams produces, buys and sells natural gas at different locations throughout the United States. To reduce exposure to a decrease in revenues or an increase in costs from fluctuations in natural gas market prices, Williams enters into natural gas futures contracts and swap agreements to fix the price of anticipated sales and purchases of natural gas.

Williams' refineries purchase crude oil for processing and sell the refined products. To reduce the exposure to increasing costs of crude oil and/or decreasing refined product sales prices due to changes in market prices, Williams enters into crude oil and refined products futures contracts and swap agreements to lock in the prices of anticipated purchases of crude oil and sales of refined products.

Williams' electric generation facilities utilize natural gas in the production of electricity. To reduce the exposure to increasing costs of natural gas due to changes in market prices, Williams enters into natural gas futures contracts and swap agreements to fix the prices of anticipated purchases of natural gas. To reduce the exposure to decreasing revenues from electricity sales, Williams enters into fixed-price forward physical contracts to fix the prices of anticipated sales of electric production.

Derivative gains or losses from these cash flow hedges are deferred in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged forecasted purchases or sales affect earnings. To match the underlying transaction being hedged, derivative gains or losses associated with anticipated purchases are recognized in costs and operating expenses and amounts associated with anticipated sales are recognized in revenues in the Consolidated Statement of Operations. Approximately $1 million of gains from hedge ineffectiveness is included in revenues in the Consolidated Statement of Operations during 2001. There were no derivative gains or losses excluded from the assessment of hedge effectiveness and no hedges were discontinued during 2001 as a result of it becoming probable that the forecasted transaction will not occur. There is approximately $142 million of pre-tax gains related to terminated derivatives included in accumulated other comprehensive income at December 31, 2001. These amounts will be recognized into net income as the hedged transaction occurs. As of December 31, 2001, Williams has hedged future cash flows associated with anticipated energy commodity purchases and sales for up to 15 years, and, based on recorded

values at December 31, 2001, approximately $139 million of net gains (net of income tax provision of $86 million) will be reclassified into earnings within the next year offsetting net losses that will be realized in earnings from unfavorable market movements associated with the underlying hedged transactions.

Energy commodity fair-value hedges

Williams' refineries carry inventories of crude oil and refined products. Williams enters into crude oil and refined products futures contracts and swap agreements to reduce the market exposure of these inventories from changing energy commodity prices. These derivatives have been designated as fair-value hedges. Derivative gains and losses from these fair-value hedges are recognized in earnings currently along with the change in fair value of the hedged item attributable to the risk being hedged. Gains and losses related to hedges of inventory are recognized in costs and operating expenses in the Consolidated Statement of Operations. Approximately $5 million of net gains from hedge ineffectiveness was recognized in costs and operating expenses in the Consolidated Statement of Operations during 2001. There were no derivative gains or losses excluded from the assessment of hedge effectiveness.

Other energy commodity derivatives

Williams' operations associated with crude oil refining and refined products marketing also include derivative transactions (primarily forward contracts, futures contracts, swap agreements and option contracts) which are not designated as hedges. The forward contracts are for the procurement of crude oil and refined products supply for operational purposes, while the other derivatives manage certain risks associated with market fluctuations in crude oil and refined product prices related to refined products marketing. The net change in fair value of these derivatives representing unrealized gains and losses is recognized in earnings currently as revenues or costs and operating expenses in the Consolidated Statement of Operations.

Foreign currency hedges

Williams has a Canadian-dollar-denominated note receivable that is exposed to foreign-currency risk. To protect against variability in the cash flows from the repayment of the note receivable associated with changes in foreign currency exchange rates, Williams entered into a forward contract to fix the U.S. dollar principal cash flows from this note. This derivative has been designated as a cash flow hedge and is expected to be highly effective over the period of the hedge. Gains and losses from the change in fair value of the derivative are deferred in other comprehensive income (loss) and reclassified to other income (expense) -- net below operating income when the Canadian-dollar-denominated note receivable impacts earnings as it is translated into U.S. dollars. There were no derivative gains or losses recorded in the Consolidated Statement of Operations from hedge ineffectiveness or from amounts excluded from the assessment of hedge effectiveness, and no foreign currency hedges were discontinued during 2001 as a result of it becoming probable that the forecasted transaction will not occur. This foreign-currency risk exposure is being hedged over the next 48 months. Of the $3.7 million net loss (net of income tax benefits of $2.3 million) deferred in other comprehensive income (loss) at December 31, 2001, the amount that will be reclassified into earnings over the next year will vary based on the gain or loss recognized as the note receivable is translated into U.S. dollars following changes in foreign-exchange rates.

Interest-rate derivatives

Williams enters into interest-rate swap agreements to manage its exposure to interest rates and modify the interest characteristics of its long-term debt. These agreements are designated with specific debt obligations, and involve the exchange of amounts based on the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional amount. Interest-rate swaps in place during 2001 effectively modified Williams' exposure to interest rates by converting a portion of Williams' fixed rate debt to

a variable rate. These derivatives were designated as fair value hedges and were perfectly effective. As a result, there was no current impact to earnings due to hedge ineffectiveness or due to the exclusion of a component of a derivative from the assessment of effectiveness. The change in fair value of the derivatives and the adjustments to the carrying amount of the underlying hedged debt were recorded as equal and offsetting gains and losses in other income (expense) -- net below operating income in the Consolidated Statement of Operations. There are no interest-rate derivatives designated as fair value hedges at December 31, 2001.

Kern River Gas Transmission had interest-rate swap agreements to manage interest-rate risk that were not designated as hedges of long-term debt. Changes in fair value were recorded each period in other income (expense) -- net below operating income in the Consolidated Statement of Operations. These agreements were terminated during 2001. Offsetting amounts were recorded as an adjustment to a regulatory asset, which is expected to be recovered in future transportation rates.

CONCENTRATION OF CREDIT RISK

Williams' cash equivalents consist of high-quality securities placed with various major financial institutions with credit ratings at or above AA by Standard & Poor's or Aa by Moody's Investor's Service. Williams' investment policy limits its credit exposure to any one issuer/obligor.

The following table summarizes concentration of receivables, net of allowances, by product or service at December 31, 2001 and 2000:

	2001	2000
	(MILLIONS)	
Receivables by product or service:		
Sale or transportation of natural gas and related products	$ 396.8	$ 507.8
Power sales and related services	1,445.3	1,148.7
Sale or transportation of petroleum products	841.6	518.3
Retained interest in accounts receivable sold to SPEs	205.0	936.4
Other	245.2	246.1
Total	$3,133.9	$3,357.3

Natural gas customers include pipelines, distribution companies, producers, gas marketers and industrial users primarily located in the eastern, northwestern and midwestern United States. Petroleum products customers include wholesale, commercial, governmental, industrial and individual consumers and independent dealers located primarily in Alaska and the midsouth and southeastern United States. Power customers include the California Independent System Operator (ISO), the California Department of Water Resources, other power marketers and utilities located throughout the majority of the United States. Collection of the retained interest in accounts receivable sold to the SPEs is dependent on the collection of the receivables. The underlying receivables are primarily for the sale or transportation of natural gas and related products or services and the sale of petroleum products in the United States. As a general policy, collateral is not required for receivables, but customers' financial condition and credit worthiness are evaluated regularly.

As of December 31, 2001, $388 million of certain power receivables from the ISO and the California Power Exchange have not been paid. In addition, Williams and other energy traders and marketers have been ordered to continue selling power to the ISO and certain other utilities irrespective of their credit ratings. Williams believes that it has appropriately reflected the collection and credit risk associated with receivables and trading assets in the statement of position and results of operations at December 31, 2001.

NOTE 19. CONTINGENT LIABILITIES AND COMMITMENTS

RATE AND REGULATORY MATTERS AND RELATED LITIGATION

Williams' interstate pipeline subsidiaries have various regulatory proceedings pending. As a result of rulings in certain of these proceedings, a portion of the revenues of these subsidiaries has been collected subject to refund. The natural gas pipeline subsidiaries have accrued approximately $96 million for potential refund as of December 31, 2001.

On January 30, 1998, the FERC convened a public conference to consider, on an industry-wide basis, issues with respect to rates of return for interstate natural gas pipelines. In July 1998, the FERC issued orders announcing a modification of its methodology for calculating a pipeline's return on equity. Certain parties appealed the FERC's action because the modified formula results in somewhat higher rates of return compared to the rates of return calculated by the prior formula. These appeals have been denied and the FERC has continued to utilize the formula as modified in 1998.

As a result of FERC Order 636 decisions in prior years, each of the natural gas pipeline subsidiaries has undertaken the reformation or termination of its respective gas supply contracts. None of the pipelines has any significant pending supplier take-or-pay, ratable take or minimum take claims.

Williams Energy Marketing & Trading subsidiaries are engaged in power marketing in various geographic areas, including California. Prices charged for power by Williams and other traders and generators in California and other western states have been challenged in various proceedings including those before the FERC. In December 2000, the FERC issued an order which provided that, for the period between October 2, 2000 and December 31, 2002, it may order refunds from Williams and other similarly situated companies if the FERC finds that the wholesale markets in California are unable to produce competitive, just and reasonable prices or that market power or other individual seller conduct is exercised to produce an unjust and unreasonable rate. Beginning on March 9, 2001, the FERC issued a series of orders directing Williams and other similarly situated companies to provide refunds for any prices charged in excess of FERC established proxy prices in January, February, March, April and May 2001, or to provide justification for the prices charged during those months. According to these orders, Williams' total potential refund liability for January through May 2001 is approximately $30 million. Williams has filed justification for its prices with the FERC and calculated its refund liability under the methodology used by the FERC to compute refund amounts at approximately $11 million. On July 25, 2001, the FERC issued an order establishing a hearing to establish the facts necessary to determine refunds under the approved methodology. Refunds under this order will cover the period of October 2, 2000 through June 20, 2001. They will be paid as offsets against outstanding bills and are inclusive of any amounts previously noticed for refund for that period. The judge presiding over the refund proceedings is expected to issue his findings in August 2002. The FERC will subsequently issue a refund order based on these findings.

In the order issued June 19, 2001, the FERC implemented a revised price mitigation and market monitoring plan for wholesale power sales by all suppliers of electricity, including Williams, in spot markets for a region that includes California and ten other western states (the "Western Systems Coordinating Council," or "WSCC"). In general, the plan, which will be in effect from June 20, 2001 through September 30, 2002, establishes a market clearing price for spot sales in all hours of the day that is based on the bid of the highest-cost gas-fired California generating unit that is needed to serve the ISO's load. When generation operating reserves fall below seven percent in California (a "reserve deficiency period"), absent cost-based justification for a higher price, the maximum price that Williams may charge for wholesale spot sales in the WSCC is the market clearing price. When generation operating reserves rise to seven percent or above in California, absent cost-based justification for a higher price, Williams' maximum price will be limited to 85 percent of the highest hourly price that was in effect during the most recent reserve deficiency period. This methodology initially resulted in a maximum price of $92 per megawatt hour during non-emergency periods and $108 per

megawatt hour during emergency periods, and these maximum prices remained unchanged throughout Summer and Fall 2001.

The California Public Utilities Commission (CPUC) filed a complaint with the FERC on February 25, 2002, seeking to void or, alternatively, reform a number of the long-term power purchase contracts entered into between the State of California and several suppliers in 2001, including Energy Marketing & Trading. The CPUC alleges that the contracts are tainted with the exercise of market power and significantly exceed "just and reasonable" prices. The Electricity Oversight Board made a similar filing on February 27, 2002.

On December 19, 2001, the FERC reaffirmed its June 19 and July 25 orders with certain clarifications and modifications. It also altered the price mitigation methodology for spot market transactions for the WSCC market for the winter 2001 season and set the period maximum price at $108 per megawatt hour through April 30, 2002. Under the order, this price would be subject to being recalculated when the average gas price rises by a minimum factor of ten percent effective for the following trading day, but in no event will the maximum price drop below $108 per megawatt hour. The FERC also upheld a ten percent addition to the price applicable to sales into California to reflect credit risk.

Certain entities have also asked the FERC to revoke Williams' authority to sell power from California-based generating units at market-based rates to limit Williams to cost-based rates for future sales from such units and to order refunds of excessive rates, with interest, back to May 1, 2000, and possibly earlier.

On March 14, 2001, the FERC issued a Show Cause Order directing Williams Energy Marketing & Trading Company and AES Southland, Inc. to show cause why they should not be found to have engaged in violations of the Federal Power Act and various agreements, and they were directed to make refunds in the aggregate of approximately $10.8 million, and have certain conditions placed on Williams' market-based rate authority for sales from specific generating facilities in California for a limited period. On April 30, 2001, the FERC issued an Order approving a settlement of this proceeding. The settlement terminated the proceeding without making any findings of wrongdoing by Williams. Pursuant to the settlement, Williams agreed to refund $8 million to the ISO by crediting such amount against outstanding invoices. Williams also agreed to prospective conditions on its authority to make bulk power sales at market-based rates for certain limited facilities under which it has call rights for a one-year period. Williams also has been informed that the facts underlying this proceeding are also under investigation by a California Grand Jury.

On September 27, 2001, the FERC issued a Notice of Proposed Rulemaking proposing to adopt uniform standards of conduct for transmission providers. The proposed rules define transmission providers as interstate natural gas pipelines and public utilities that own, operate or control electric transmission facilities. The proposed standards would regulate the conduct of transmission providers with their energy affiliates. The FERC proposes to define energy affiliates broadly to include any transmission provider affiliate that engages in or is involved in transmission (gas or electric) transactions, or manages or controls transmission capacity, or buys, sells, trades or administers natural gas or electric energy or engages in financial transactions relating to the sale or transmission of natural gas or electricity. Current rules affecting Williams regulate the conduct of Williams' natural gas pipelines and their natural gas marketing affiliates. If adopted, these new standards would require the adoption of new compliance measures by certain Williams subsidiaries.

On February 13, 2002, the FERC issued an Order Directing Staff Investigation commencing a proceeding titled Fact-Finding Investigation of Potential Manipulation of Electric and Natural Gas Prices. Through the investigation, the FERC intends to determine whether "any entity, including Enron Corporation (through any of its affiliates or subsidiaries), manipulated short-term prices for electric energy or natural gas in the West or otherwise exercised undue influence over wholesale electric prices in the West, since January 1, 2000, resulting in potentially unjust and unreasonable rates in long-term power sales contracts subsequently entered into by sellers in the West." This investigation does not constitute a Federal Power Act complaint, rather, the results of the investigation will be used by the FERC in any existing or subsequent Federal Power

Act or Natural Gas Act complaint. The FERC Staff is directed to complete the investigation as soon as "is practicable." Williams, through many of its subsidiaries, is a major supplier of natural gas and power in the West and, as such, anticipates being the subject of certain aspects of the investigation.

ENVIRONMENTAL MATTERS

Since 1989, Texas Gas and Transcontinental Gas Pipe Line have had studies under way to test certain of their facilities for the presence of toxic and hazardous substances to determine to what extent, if any, remediation may be necessary. Transcontinental Gas Pipe Line has responded to data requests regarding such potential contamination of certain of its sites. The costs of any such remediation will depend upon the scope of the remediation. At December 31, 2001, these subsidiaries had accrued liabilities totaling approximately $33 million for these costs.

Certain Williams subsidiaries, including Texas Gas and Transcontinental Gas Pipe Line, have been identified as potentially responsible parties (PRP) at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. Although no assurances can be given, Williams does not believe that these obligations or the PRP status of these subsidiaries will have a material adverse effect on its financial position, results of operations or net cash flows.

Transcontinental Gas Pipe Line, Texas Gas and Williams Gas Pipelines Central (Central) have identified polychlorinated biphenyl contamination in air compressor systems, soils and related properties at certain compressor station sites. Transcontinental Gas Pipe Line, Texas Gas and Central have also been involved in negotiations with the U.S. Environmental Protection Agency (EPA) and state agencies to develop screening, sampling and cleanup programs. In addition, negotiations with certain environmental authorities and other programs concerning investigative and remedial actions relative to potential mercury contamination at certain gas metering sites have been commenced by Central, Texas Gas and Transcontinental Gas Pipe Line. As of December 31, 2001, Central had accrued a liability for approximately $9 million, representing the current estimate of future environmental cleanup costs to be incurred over the next six to ten years. Texas Gas and Transcontinental Gas Pipe Line likewise had accrued liabilities for these costs which are included in the $33 million liability mentioned above. Actual costs incurred will depend on the actual number of contaminated sites identified, the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA and other governmental authorities and other factors.

In July 1999, Transcontinental Gas Pipe Line received a letter stating that the U.S. Department of Justice (DOJ), at the request of the EPA, intends to file a civil action against Transcontinental Gas Pipe Line arising from its waste management practices at Transcontinental Gas Pipe Line's compressor stations and metering stations in 11 states from Texas to New Jersey. Transcontinental Gas Pipe Line, the EPA and the DOJ agreed to settle this matter by signing a Consent Decree that provides for a civil penalty of $1.4 million.

Williams Energy Services (WES) and its subsidiaries also accrue environmental remediation costs for its natural gas gathering and processing facilities, petroleum products pipelines, retail petroleum and refining operations and for certain facilities related to former propane marketing operations primarily related to soil and groundwater contamination. In addition, WES owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At December 31, 2001, WES and its subsidiaries had accrued liabilities totaling approximately $43 million. WES accrues receivables related to environmental remediation costs based upon an estimate of amounts that will be reimbursed from state funds for certain expenses associated with underground storage tank problems and repairs. At December 31, 2001, WES and its subsidiaries had accrued receivables totaling $1 million.

Williams Field Services (WFS), a WES subsidiary, received a Notice of Violation (NOV) from the EPA in February 2000. WFS received a contemporaneous letter from the DOJ indicating that the DOJ will

also be involved in the matter. The NOV alleged violations of the Clean Air Act at a gas processing plant. WFS, the EPA and the DOJ agreed to settle this matter for a penalty of $850,000. In the course of investigating this matter, WFS discovered a similar potential violation at the plant and disclosed it to the EPA and the DOJ. In December 2001, the EPA, the DOJ and WFS agreed to settle this self-reported matter by signing a Consent Decree that provides for a penalty of $950,000.

In connection with the 1987 sale of the assets of Agrico Chemical Company, Williams agreed to indemnify the purchaser for environmental cleanup costs resulting from certain conditions at specified locations, to the extent such costs exceed a specified amount. At December 31, 2001, Williams had approximately $10 million accrued for such excess costs. The actual costs incurred will depend on the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from Williams' pipelines, pipeline systems, and pipeline facilities used in the movement of oil or petroleum products, during the period July 1, 1998 through July 2, 2001. In November 2001, Williams furnished its response.

OTHER LEGAL MATTERS

In connection with agreements to resolve take-or-pay and other contract claims and to amend gas purchase contracts, Transcontinental Gas Pipe Line and Texas Gas each entered into certain settlements with producers which may require the indemnification of certain claims for additional royalties which the producers may be required to pay as a result of such settlements. As a result of such settlements, Transcontinental Gas Pipe Line is currently defending three lawsuits brought by producers. In one of the cases, a jury verdict found that Transcontinental Gas Pipe Line was required to pay a producer damages of $23.3 million including $3.8 million in attorneys' fees. In addition, through December 31, 2001, post-judgment interest was approximately $10.5 million. Transcontinental Gas Pipe Line's appeals have been denied by the Texas Court of Appeals for the First District of Texas, and on April 2, 2001, the company filed an appeal to the Texas Supreme Court. On February 21, 2002, the Texas Supreme Court denied Transcontinental Gas Pipe Line's petition for review. As a result, Transcontinental Gas Pipe Line recorded a pre-tax charge to income (loss) for the year ended December 31, 2001 in the amount of $37 million ($18 million is included in Gas Pipeline's segment profit and $19 million in interest accrued) representing management's estimate of the effect of this ruling. Transcontinental Gas Pipe Line plans to request rehearing of the court's decision. In the other cases, producers have asserted damages, including interest calculated through December 31, 2001, of $16.3 million. Producers have received and may receive other demands, which could result in additional claims. Indemnification for royalties will depend on, among other things, the specific lease provisions between the producer and the lessor and the terms of the settlement between the producer and either Transcontinental Gas Pipe Line or Texas Gas. Texas Gas may file to recover 75 percent of any such additional amounts it may be required to pay pursuant to indemnities for royalties under the provisions of Order 528.

On June 8, 2001, 14 Williams entities were named as defendants in a nationwide class action lawsuit which has been pending against other defendants, generally pipeline and gathering companies, for more than one year. The plaintiffs allege that the defendants, including the Williams defendants, have engaged in mismeasurement techniques that distort the heating content of natural gas, resulting in an alleged underpayment of royalties to the class of producer plaintiffs. In September 2001, the plaintiffs voluntarily dismissed two of the 14 Williams entities named as defendants in the lawsuit. In November 2001, Williams, along with other Coordinating Defendants, filed a motion to dismiss under Rules 9b and 12b of the Kansas Rules of Civil Procedure. In January 2002, most of the Williams defendants, along with a group of Coordinating Defendants, filed a motion to dismiss for lack of personal jurisdiction. The court has not yet ruled on these motions. In the

next several months, the Williams entities will join with other defendants in contesting certification of the plaintiff class.

In 1998, the United States Department of Justice informed Williams that Jack Grynberg, an individual, had filed claims in the United States District Court for the District of Colorado under the False Claims Act against Williams and certain of its wholly owned subsidiaries including Central, Kern River Gas Transmission, Northwest Pipeline, Williams Gas Pipeline Company, Transcontinental Gas Pipe Line Corporation, Texas Gas, Williams Field Services Company and Williams Production Company. Mr. Grynberg has also filed claims against approximately 300 other energy companies and alleges that the defendants violated the False Claims Act in connection with the measurement and purchase of hydrocarbons. The relief sought is an unspecified amount of royalties allegedly not paid to the federal government, treble damages, a civil penalty, attorneys' fees, and costs. On April 9, 1999, the United States Department of Justice announced that it was declining to intervene in any of the Grynberg qui tam cases, including the action filed against the Williams entities in the United States District Court for the District of Colorado. On October 21, 1999, the Panel on Multi-District Litigation transferred all of the Grynberg qui tam cases, including those filed against Williams, to the United States District Court for the District of Wyoming for pre-trial purposes. Motions to dismiss the complaints filed by various defendants, including Williams, were denied on May 18, 2001.

Williams and certain of its subsidiaries are named as defendants in various putative, nationwide class actions brought on behalf of all landowners on whose property the plaintiffs have alleged WCG installed fiber-optic cable without the permission of the landowners. Williams believes that WCG's installation of the cable containing the fiber network that crosses over or near the putative class members' land does not infringe on their property rights. Williams also does not believe that the plaintiffs have sufficient basis for certification of a class action. It is likely that Williams will be subject to other putative class action suits challenging WCG's railroad or pipeline rights of way. However, Williams has a claim for indemnity from WCG, subject to their ability to perform, for damages resulting from or arising out of the businesses or operations conducted or formerly conducted or assets owned or formerly owned by any subsidiary of WCG.

In November 2000, class actions were filed in San Diego, California Superior Court by Pamela Gordon and Ruth Hendricks on behalf of San Diego rate payers against California power generators and traders including Williams Energy Services Company and Williams Energy Marketing & Trading Company, subsidiaries of Williams. Three municipal water districts also filed a similar action on their own behalf. Other class actions have been filed on behalf of the people of California and on behalf of commercial restaurants in San Francisco Superior Court. These lawsuits result from the increase in wholesale power prices in California that began in the summer of 2000. Williams is also a defendant in other litigation arising out of California energy issues. The suits claim that the defendants acted to manipulate prices in violation of the California antitrust and unfair business practices statutes and other state and federal laws. Plaintiffs are seeking injunctive relief as well as restitution, disgorgement, appointment of a receiver, and damages, including treble damages. These cases have all been coordinated in San Diego County Superior Court.

On May 2, 2001, the Lieutenant Governor of the State of California and Assemblywoman Barbara Matthews, acting in their individual capacities as members of the general public, filed suit against five companies including Williams Energy Marketing & Trading and 14 executive officers, including Keith Bailey, Chairman of Williams, Steve Malcolm, President and CEO of Williams, and Bill Hobbs, President and CEO of Williams Energy Marketing & Trading, in Los Angeles Superior State Court alleging State Antitrust and Fraudulent and Unfair Business Act Violations and seeking injunctive and declaratory relief, civil fines, treble damages and other relief, all in an unspecified amount. This case is being coordinated with the other class actions in San Diego Superior Court.

On May 17, 2001, the DOJ advised Williams that it had commenced an antitrust investigation relating to an agreement between a subsidiary of Williams and AES Southland alleging that the agreement limits the expansion of electric generating capacity at or near the AES Southland plants that are subject to a long-term

tolling agreement between Williams and AES Southland. In connection with that investigation, the DOJ has issued two Civil Investigative Demands to Williams requesting answers to certain interrogatories and the production of documents. Williams is cooperating with the investigation.

On October 5, 2001, suit was filed on behalf of California taxpayers and electric ratepayers in the Superior Court for the County of San Francisco against the Governor of California and 22 other defendants consisting of other state officials, utilities and generators, including Energy Marketing & Trading. The suit alleges that the long-term power contracts entered into by the state with generators are illegal and unenforceable on the basis of fraud, mistake, breach of duty, conflict of interest, failure to comply with law, commercial impossibility and change in circumstances. Remedies sought include rescission, reformation, injunction, and recovery of funds.

On October 19, 2001, Williams settled a $42 million claim for coal royalty payments relating to a discontinued activity by agreeing to pay $9.5 million.

Since January 29, 2002, Williams is aware of numerous shareholder class action suits that have been filed in the United States District Court for the Northern District of Oklahoma. The majority of the suits allege that Williams and co-defendants, Williams Communications and certain corporate officers, have acted jointly and separately to inflate the stock price of both companies. Other suits allege similar causes of action related to a public offering in early January 2002, known as the FELINE PACS offering. This case was filed against Williams, certain corporate officers, all members of the Williams board of directors and all of the offerings' underwriters. Williams does not anticipate any immediate action by the Court in these actions. In addition, class action complaints have been filed against Williams and the members of its board of directors under the Employee Retirement Income Security Act by participants in Williams' 401(k) plan based on similar allegations.

In addition to the foregoing, various other proceedings are pending against Williams or its subsidiaries which are incidental to their operations.

Enron Corp. (Enron) and certain of its subsidiaries, with whom Energy Marketing & Trading and other Williams subsidiaries have had commercial relations, filed a voluntary petition for Chapter 11 reorganization under the U.S. Bankruptcy Code in the Federal District Court for the Southern District of New York on December 2, 2001. Additional Enron subsidiaries have subsequently filed for Chapter 11. The court has not set a date for the filing of claims. During fourth-quarter 2001, Energy Marketing & Trading recorded a total decrease to revenues of approximately $130 million as a part of its valuation of energy commodity and derivative trading contracts with Enron entities, approximately $91 million of which was recorded pursuant to events immediately preceding and following the announced bankruptcy of Enron. Other Williams subsidiaries recorded approximately $5 million of bad debt expense related to amounts receivable from Enron entities in fourth-quarter 2001, reflected in selling, general and administrative expenses. At December 31, 2001, Williams has reduced its recorded exposure to accounts receivable from Enron entities, net of margin deposits, to expected recoverable amounts.

SUMMARY

While no assurances may be given, Williams, based on advice of counsel, does not believe that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, will have a materially adverse effect upon Williams' future financial position, results of operations or cash flow requirements.

COMMITMENTS

Energy Marketing & Trading has entered into certain contracts giving Williams the right to receive fuel conversion services as well as certain other services associated with electric generation facilities that are either

currently in operation or are to be constructed at various locations throughout the continental United States. At December 31, 2001, annual estimated committed payments under these contracts range from approximately $20 million to $462 million, resulting in total committed payments over the next 21 years of approximately $8 billion.

See Note 4 for commitments related to certain equity and cost method investments and Note 11 for commitments for construction and acquisition of property, plant and equipment.

NOTE 20. RELATED PARTY TRANSACTIONS

In fourth-quarter 2000, Williams entered into a $600 million debt obligation with Lehman Brothers Inc. Lehman Brothers Inc. is a related party as a result of a director that serves on both Williams' and Lehman Brothers Holdings, Inc.'s board of directors. This debt obligation was paid in first-quarter 2001. In addition, Williams paid $27 million to Lehman Brothers Inc. in 2001, primarily for underwriting fees related to debt and equity issuances.

NOTE 21. ACCUMULATED OTHER COMPREHENSIVE INCOME

The table below presents changes in the components of accumulated other comprehensive income.

	INCOME (LOSS)				
	CASH FLOW HEDGES	UNREALIZED APPRECIATION (DEPRECIATION) ON SECURITIES	FOREIGN CURRENCY TRANSLATION	MINIMUM PENSION LIABILITY	TOTAL
	(MILLIONS)				
Balance at December 31, 1998...	$ --	$ 21.7	$ (5.0)	$ --	$ 16.7
1999 change:					
Pre-income tax amount........	--	194.9	(17.9)	--	177.0
Income tax provision.........	--	(75.8)	--	--	(75.8)
Minority interest in other comprehensive income......	--	(14.9)	(.1)	--	(15.0)
	--	104.2	(18.0)	--	86.2
Adjustment due to issuance of subsidiary's common stock....	--	(5.8)	2.4	--	(3.4)
Balance at December 31, 1999...	--	120.1	(20.6)	--	99.5
2000 change:					
Pre-income tax amount........	--	218.1	(28.2)	--	189.9
Income tax provision.........	--	(82.2)	--	--	(82.2)
Minority interest in other comprehensive income (loss)....................	--	(20.4)	4.3	--	(16.1)
Net realized gains in net income (net of $118.3 income tax benefit and $28.0 minority interest)................	--	(162.9)	--	--	(162.9)
	--	(47.4)	(23.9)	--	(71.3)
Balance at December 31, 2000...	--	72.7	(44.5)	--	28.2
2001 change:					
Cumulative effect of change in accounting for derivative instruments (net of a $58.9 million income tax benefit).......	(94.5)	--	--	--	(94.5)
Pre-income tax amount........	896.8	(69.7)	(39.9)	(3.6)	783.6
Income tax benefit (provision)..............	(343.3)	27.5	--	1.4	(314.4)
Minority interest in other comprehensive loss........	--	5.4	2.8	--	8.2
Net realized gains in net income (net of $.1 income tax benefit and $1.8 minority interest)........	--	1.5	--	--	1.5
Net reclassification into earnings of derivative instrument gains (net of a $55.7 million income tax benefit).................	(88.8)	--	--	--	(88.8)
	370.2	(35.3)	(37.1)	(2.2)	295.6
Adjustment due to spinoff of WCG..........................	--	(36.5)	57.8	--	21.3
Balance at December 31, 2001...	$ 370.2	$ .9	$(23.8)	$(2.2)	$ 345.1

Unrealized appreciation (depreciation) on securities for years prior to 2000 represents activity related to securities held by WCG. At December 31, 2000, the unrealized appreciation (depreciation) on securities balance includes $76.1 million of unrealized net appreciation related to securities held by WCG. Foreign currency translation balances include translation losses of $38.5 million and $13.6 million at December 31, 2000 and 1999, respectively, which relate to WCG. The adjustment due to the spinoff of WCG for 2001 includes unrealized appreciation (depreciation) on securities and foreign currency translation balances which relate to WCG and are included in the $2.0 billion decrease to stockholders' equity (see Note 3). The remaining balances relate to the continuing operations of Williams.

NOTE 22. SEGMENT DISCLOSURES

Williams evaluates performance based upon segment profit (loss) from operations which includes revenues from external and internal customers, operating costs and expenses, depreciation, depletion and amortization, equity earnings (losses) and income (loss) from investments. The accounting policies of the segments are the same as those described in Note 1, Summary of Significant Accounting Policies. Intersegment sales are generally accounted for as if the sales were to unaffiliated third parties, that is, at current market prices.

The majority of energy commodity hedging by the Energy Services' business units is done through intercompany derivatives with Energy Marketing & Trading which, in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counter party performance risks associated with unrelated third parties. Similarly, hedging of interest rate risk in the energy trading portfolio by Energy Marketing & Trading is facilitated by the corporate treasury operation. All hedging effectiveness, ineffectiveness and risk of this activity is recognized by Energy Marketing & Trading.

Williams' reportable segments are strategic business units that offer different products and services. The segments are managed separately because each segment requires different technology, marketing strategies and industry knowledge. Other includes corporate operations.

Segment amounts for 2000 and 1999 have been restated to reflect two new reporting segments, International and Williams Energy Partners, and the reclassification of Energy Marketing & Trading to a third industry group (see Note 1).

Exploration & Production's 2001 additions to long-lived assets and increase in total assets, as noted on pages 132 and 133, respectively, are due primarily to the Barrett acquisition (see Note 2).

The following table reflects the reconciliation of operating income as reported on the Consolidated Statement of Operations to segment profit (loss), per the table on page 132.

	OPERATING INCOME	EQUITY EARNINGS (LOSSES)	INCOME (LOSS) FROM INVESTMENTS	SEGMENT PROFIT
	(MILLIONS)			
2001				
Energy Marketing & Trading	$1,296.1	$ (1.3)	$(23.3)	$1,271.5
Gas Pipeline	673.8	46.3	--	720.1
Energy Services	591.5	(21.6)	--	569.9
Other	12.9	(.7)	--	12.2
Total segments	2,574.3	$ 22.7	$(23.3)	$2,573.7
General corporate expenses	(124.3)			
Total operating income	$2,450.0			
2000				
Energy Marketing & Trading	$1,005.5	$ 1.6	$ .8	$1,007.9
Gas Pipeline	714.5	27.0	--	741.5
Energy Services	571.7	(6.8)	--	564.9
Other	11.5	(.2)	--	11.3
Total segments	2,303.2	$ 21.6	$ .8	$2,325.6
General corporate expenses	(97.2)			
Total operating income	$2,206.0			
1999				
Energy Marketing & Trading	$ 104.5	$ (.5)	$ --	$ 104.0
Gas Pipeline	688.3	9.0	--	697.3
Energy Services	439.6	(18.4)	--	421.2
Other	11.1	3.6	--	14.7
Total segments	1,243.5	$ (6.3)	$ --	$1,237.2
General corporate expenses	(76.9)			
Total operating income	$1,166.6			

The following geographic area data includes revenues from external customers based on product shipment origin and long-lived assets based upon physical location.

	2001	2000	1999
	(MILLIONS)		
Revenues from external customers:			
United States	$ 9,625.7	$ 9,283.7	$ 6,522.3
Other	1,409.0	308.2	107.1
Total	$11,034.7	$ 9,591.9	$ 6,629.4
Long-lived assets:			
United States	$17,543.3	$13,121.8	$12,522.4
Other	1,356.5	1,126.6	354.4
Total	$18,899.8	$14,248.4	$12,876.8

Long-lived assets are comprised of property, plant and equipment and goodwill and other intangible assets.

	REVENUES			SEGMENT PROFIT (LOSS)	EQUITY EARNINGS (LOSSES)	ADDITIONS TO LONG-LIVED ASSETS	DEPRECIATION, DEPLETION & AMORTIZATION
	EXTERNAL CUSTOMERS	INTERSEGMENT	TOTAL				
				(MILLIONS)			
2001							
Energy Marketing & Trading	$2,573.5	$ (701.7)*	$ 1,871.8	$1,271.5	$ (1.3)	$ 209.6	$ 21.1
Gas Pipeline	1,698.3	50.5	1,748.8	720.1	46.3	872.2	330.5
Energy Services							
Exploration & Production	86.0	493.6	579.6	218.7	8.5	3,770.2	94.6
International	159.0	--	159.0	(172.8)	(13.1)	123.3	38.4
Midstream Gas & Liquids	1,327.3	595.1	1,922.4	221.6	(16.9)	489.5	179.8
Petroleum Services	5,083.5	324.4	5,407.9	286.9	(.1)	115.6	105.3
Williams Energy Partners	70.3	15.9	86.2	17.0	--	66.0	12.3
Merger-related costs	--	--	--	(1.5)	--	--	--
Total Energy Services	6,726.1	1,429.0	8,155.1	569.9	(21.6)	4,564.6	430.4
Other	36.8	39.5	76.3	12.2	(.7)	34.9	15.7
Eliminations	--	(817.3)	(817.3)	--	--	--	--
Total	$11,034.7	$ --	$11,034.7	$2,573.7	$ 22.7	$5,681.3	$797.7
2000							
Energy Marketing & Trading	$2,273.2	$ (700.6)*	$ 1,572.6	$1,007.9	$ 1.6	$ 68.8	$ 18.7
Gas Pipeline	1,818.6	60.6	1,879.2	741.5	27.0	664.4	294.1
Energy Services							
Exploration & Production	39.6	254.6	294.2	62.4	--	70.7	29.1
International	104.1	--	104.1	14.1	(2.2)	327.1	18.1
Midstream Gas & Liquids	835.1	679.6	1,514.7	297.9	(4.0)	799.2	163.0
Petroleum Services	4,436.5	168.5	4,605.0	175.8	(.6)	189.8	95.5
Williams Energy Partners	56.1	17.4	73.5	21.8	--	42.0	9.1
Merger-related costs	--	--	--	(7.1)	--	--	--
Total Energy Services	5,471.4	1,120.1	6,591.5	564.9	(6.8)	1,428.8	314.8
Other	28.7	38.1	66.8	11.3	(.2)	43.2	19.2
Eliminations	--	(518.2)	(518.2)	--	--	--	--
Total	$9,591.9	$ --	$ 9,591.9	$2,325.6	$ 21.6	$2,205.2	$646.8
1999							
Energy Marketing & Trading	$1,217.7	$ (555.4)*	$ 662.3	$ 104.0	$ (.5)	$ 82.8	$ 35.3
Gas Pipeline	1,762.7	59.9	1,822.6	697.3	9.0	361.3	285.1
Energy Services							
Exploration & Production	50.2	139.9	190.1	39.8	--	148.5	23.5
International	72.5	--	72.5	(3.9)	(6.8)	247.9	11.9
Midstream Gas & Liquids	648.9	381.5	1,030.4	223.9	(12.1)	341.5	143.2
Petroleum Services	2,812.6	175.2	2,987.8	157.8	.5	488.5	78.9
Williams Energy Partners	36.7	6.9	43.6	16.3	--	227.6	4.6
Merger-related costs	--	--	--	(12.7)	--	--	--
Total Energy Services	3,620.9	703.5	4,324.4	421.2	(18.4)	1,454.0	262.1
Other	28.1	37.3	65.4	14.7	3.6	42.7	23.0
Eliminations	--	(245.3)	(245.3)	--	--	--	--
Total	$6,629.4	$ --	$ 6,629.4	$1,237.2	$ (6.3)	$1,940.8	$605.5

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* Energy Marketing & Trading intercompany cost of sales, which are netted in revenues consistent with fair-value accounting, exceed intercompany revenues.

	TOTAL ASSETS		EQUITY METHOD INVESTMENTS	
	DECEMBER 31, 2001	DECEMBER 31, 2000	DECEMBER 31, 2001	DECEMBER 31, 2000
	(MILLIONS)			
Energy Marketing & Trading	$15,483.0	$14,609.7	$ --	$ 1.4
Gas Pipeline	9,253.0	8,817.2	715.5	281.5
Energy Services				
Exploration & Production	4,925.7	671.5	--	--
International	2,101.1	2,214.4	127.8	119.3
Midstream Gas & Liquids	4,484.4	4,293.5	217.8	239.2
Petroleum Services	2,907.7	2,666.5	110.1	113.2
Williams Energy Partners	401.3	349.8	--	--
Total Energy Services	14,820.2	10,195.7	455.7	471.7
Other	7,344.5	7,019.9	--	--
Eliminations	(7,994.5)	(8,156.1)	--	--
	38,906.2	32,486.4	1,171.2	754.6
Net assets of discontinued operations	--	2,290.2	--	--
Total assets	$38,906.2	$34,776.6	$1,171.2	$754.6

NOTE 23. SUBSEQUENT EVENTS

In January 2002, Williams issued 44 million publicly traded units, more commonly known as FELINE PACs, that include a senior debt security and an equity purchase contract. The debt has a term of five years, and the equity purchase contract will require the company to deliver Williams common stock to holders after three years based on a previously agreed rate. Net proceeds from this issuance were approximately $1.1 billion.

The FELINE PACS were issued as part of Williams' plan to strengthen its balance sheet and maintain its investment-grade rating. Some of the steps which could impact amounts recorded at December 31, 2001 include:

- A $1 billion reduction in planned capital spending for 2002.

- Sales of certain non-core assets during 2002, from which Williams expects to receive proceeds of between $250 million and $750 million.

- Initiation of action to eliminate ratings triggers on certain obligations and contingencies that do not appear as debt on the Consolidated Balance Sheet.

Williams has also announced plans to sell its midwest petroleum products pipeline and on-system terminals. A potential buyer would be Williams Energy Partners, L.P., a consolidated entity.

THE WILLIAMS COMPANIES, INC.

QUARTERLY FINANCIAL DATA
(UNAUDITED)

Summarized quarterly financial data are as follows (millions, except per-share amounts). Certain amounts have been restated or reclassified as described in Note 1 of Notes to Consolidated Financial Statements.

2001	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Revenues	$3,096.2	$2,815.0	$2,804.6	$2,318.9
Costs and operating expenses	2,045.5	1,984.1	1,809.9	1,545.1
Income (loss) from continuing operations	378.3	339.5	221.3	(103.7)
Net income (loss)	199.2	339.5	221.3	(1,237.7)
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	.79	.70	.44	(.20)
Net income (loss)	.42	.70	.44	(2.39)
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	.78	.69	.44	(.20)
Net income (loss)	.41	.69	.44	(2.39)

2000	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Revenues	$1,898.9	$2,351.5	$2,330.9	$3,010.6
Costs and operating expenses	1,314.9	1,494.5	1,671.6	1,960.8
Income from continuing operations	138.9	286.4	176.5	363.6
Net income (loss)	99.7	351.8	121.1	(48.3)
Basic earnings (loss) per common share:				
Income from continuing operations	.31	.64	.39	.81
Net income (loss)	.22	.79	.27	(.11)
Diluted earnings (loss) per common share:				
Income from continuing operations	.31	.63	.39	.80
Net income (loss)	.22	.78	.27	(.11)

The sum of earnings per share for the four quarters may not equal the total earnings per share for the year due to changes in the average number of common shares outstanding and rounding.

First-quarter 2001 net income includes an after-tax loss from discontinued operations of $179.1 million related to the spinoff of WCG and fourth-quarter 2001 loss from discontinued operations includes $1.17 billion after-tax impact for accruals of WCG guarantees and payment obligations (see Note 3). Additionally, first and fourth-quarter 2001 net income (loss) includes additional pre-tax impairment charges of $11.2 million and $.9 million, respectively, relating to Petroleum Services' end-to-end mobile computing systems business.

Second and fourth-quarter 2001 net income (loss) includes a pre-tax gain from the sale of certain convenience stores at Petroleum Services of $72.1 million and $3.2 million, respectively. Second and third-quarter 2001 net income includes a pre-tax impairment loss related to certain south Texas non-regulated gathering and processing assets at Midstream Gas & Liquids of $10.9 million and $4.2 million, respectively. A $1.3 million reduction to these impairment charges was made in fourth-quarter 2001 based on proceeds from the sales which closed in first-quarter 2002. Additionally, second-quarter 2001 includes a $27.5 million pre-tax gain on the sale of Williams' limited partnership interest in Northern Border Partners, L.P. at Gas Pipeline.

Included in third-quarter 2001 net income is a $94.2 million pre-tax charge related to the write-down of certain equity and cost basis investments (see Note 4).

Fourth-quarter 2001 net income (loss) includes a $170 million pre-tax impairment charge relating to the soda ash mining operations located in Colorado (see Note 5). Also, included in fourth-quarter 2001 net

income (loss) is a $130 million pre-tax decrease to revenues and a $5 million pre-tax charge to bad expense related to Williams' estimated net exposure for the Enron bankruptcy at Energy Marketing & Trading and Gas Pipeline, respectively (see Note 19), a $13.3 million pre-tax impairment charge for the termination of a plant expansion at Energy Marketing & Trading and a $14.7 million pre-tax impairment charge and other loss accruals related to certain travel centers at Petroleum Services. Additionally, fourth-quarter 2001 net income (loss) includes a $37 million pre-tax charge resulting from an unfavorable court decision in one of Transcontinental Gas Pipe Line's royalty claims proceeding (see Note 19) and $213 million pre-tax charges included in continuing operations related to estimated losses from an assessment of the recoverability of WCG related receivables (see Note 3).

Second-quarter 2000 net income includes approximately $75 million in pre-tax reductions to certain rate refund liabilities and related interest accruals based on favorable FERC and judicial rulings received regarding regulatory proceedings. Also included in second and fourth-quarter 2000 net income (loss) is a $25.9 million and a $17.2 million pre-tax charge, respectively, resulting from the decision to discontinue Energy Marketing & Trading's mezzanine lending services (see Note 5). Fourth-quarter 2000 net income includes a $16.3 million pre-tax charge relating to management's decision and commitment to sell Energy Marketing & Trading's distributed power generation business and an $11.9 million pre-tax charge relating to management's decision and commitment to sell certain of Petroleum Services' end-to-end mobile computing systems business. These charges represent the impairment of the assets to fair value based on the expected net sales proceeds.

First, third and fourth-quarter 2000 include after-tax loss from discontinued operations of $39.2 million, $55.4 million and $411.9 million, respectively, while second-quarter 2000 includes after-tax income of $65.4 million, all of which are related to WCG which was spun off April 23, 2001 (see Note 3).

THE WILLIAMS COMPANIES, INC.

SUPPLEMENTAL OIL AND GAS DISCLOSURES
(UNAUDITED)

The following information pertains to the Company's oil and gas producing activities and is presented in accordance with SFAS No. 69 "Disclosures About Oil and Gas Producing Activities". The information is required to be disclosed by geographic region. Williams has significant oil and gas producing activities primarily in the Rocky Mountain, Mid-continent and Gulf Coast regions of the United States. Additionally, Williams has oil and gas producing activities in Argentina; however, proved reserves and revenues related to these activities are approximately 5.6 percent and 4.3 percent, respectively, of Williams' total oil and gas producing activities. The following information relates only to the oil and gas activities in the United States.

CAPITALIZED COSTS

	FOR THE YEAR ENDED DECEMBER 31, 2001
	(MILLIONS)
Proved properties	$2,415.2
Unproved properties	851.9
	3,267.1
Accumulated depreciation, depletion, and amortization, and valuation provisions	268.3
Net capitalized costs	$2,998.8

- Capitalized costs include the cost of equipment and facilities for oil and gas producing activities. This amount does not include approximately $1 billion of goodwill related to the purchase of Barrett Resources Corp. (Barrett).

- Proved properties include capitalized costs for oil and gas leaseholds holding proved reserves; development wells and related equipment and facilities (including uncompleted development well costs); successful exploratory wells and related equipment and facilities (and uncompleted exploratory well costs) and support equipment.

- Unproved properties consist primarily of acreage related to probable reserves acquired through the Barrett acquisition in addition to a small portion of unproved exploratory acreage.

COSTS INCURRED DURING 2001

	FOR THE YEAR ENDED DECEMBER 31, 2001
	(MILLIONS)
Acquisition	$2,557.0
Exploration	35.6
Development	198.9
	$2,791.5

- Costs incurred include capitalized and expensed items.

- Property acquisition costs include costs incurred to purchase, lease, or otherwise acquire a property, the majority of which is related to the Barrett acquisition.

- Exploration costs include the costs of geological and geophysical activity, dry holes, drilling and equipping exploratory wells, and the cost of retaining undeveloped leaseholds.

- Development costs include costs incurred to gain access to and prepare development well locations for drilling and to drill and equip development wells.

RESULTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31, 2001
	(MILLIONS)
Revenues:	
Oil and gas revenues	$408.4
Other revenues	171.2
Total revenues	579.6
Costs:	
Production costs	79.3
General & administrative	40.1
Exploration expenses	10.1
Depreciation, depletion & amortization	94.0
Property impairments	7.2
Other expenses	138.7
Total expenses	369.4
Results of operations	210.2
Equity earnings	8.5
Provision for income taxes	(80.4)
Exploration and production net income	$138.3

- Results of operations for producing activities consist of all related activities within the Exploration & Production reporting unit.

- Oil and gas revenues consist primarily of natural gas production sold to Energy Marketing & Trading and includes the impact of intercompany hedges.

- Other revenues and other expenses consist of activities within the Exploration & Production segment that are not a direct part of the producing activities. These non-producing activities include acquisition and disposition of other working interest and royalty interest gas and the movement of gas from the wellhead to the tailgate of the respective plants for sale to Energy Marketing & Trading or third party purchases. In addition, other revenues include recognition of income from transactions which transferred certain non-operating benefits to a third party.

- Production costs consist of costs incurred to operate and maintain wells and related equipment and facilities used in the production of petroleum liquids and natural gas. These costs also include production related taxes other than income taxes, and administrative expenses related to the production activity. Excluded are depreciation, depletion and amortization of capitalized acquisition, exploration and development costs.

- Exploration expenses include unsuccessful exploratory dry hole costs, leasehold impairment, geological and geophysical expenses and the cost of retaining undeveloped leaseholds.

- Depreciation, depletion and amortization includes depreciation of support equipment.

PROVED RESERVES

	2001
	(BCFE)
Proved reserves at beginning of period	1,202
Revisions	(69)
Purchases	1,949
Extensions and discoveries	239
Production	(131)
Sale of minerals in place	(12)
Proved reserves at end of period	3,178
Proved developed reserves at end of period	1,599

- Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data indicate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made.

- Natural gas reserves are computed at 14.73 pounds per square inch absolute and 60 degrees Fahrenheit. Crude oil reserves are insignificant and have been included in the proved reserves on a basis of billion cubic feet equivalents (Bcfe).

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATING TO PROVED OIL AND GAS RESERVES

The following is based on the estimated quantities of proved reserves and the year-end prices and costs. The average year end natural gas prices used in the following estimates were $2.31 per mmcf and $9.17 per mmcf at December 31, 2001 and December 31, 2000, respectively. Future income tax expenses have been computed considering available carryforwards and credits and the appropriate statutory tax rates. The discount rate of 10 percent is as prescribed by SFAS No. 69. Continuation of year-end economic conditions also is assumed. The calculation is based on estimates of proved reserves, which are revised over time as new data becomes available. Probable or possible reserves, which may become proved in the future, are not considered. The calculation also requires assumptions as to the timing of future production of proved reserves, and the timing and amount of future development and production costs.

Numerous uncertainties are inherent in estimating volumes and the value of proved reserves and in projecting future production rates and timing of development expenditures. Such reserve estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production may be substantially different from the reserve estimates.

SUPPLEMENTAL OIL AND GAS DISCLOSURES -- (CONCLUDED)
(UNAUDITED)

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

	AT DECEMBER 31, 2001
	(MILLIONS)
Future cash inflows	$7,334
Less:	
Future production and development costs	3,072
Future income tax provisions	1,317
Future net cash flows	2,945
Less 10 percent annual discount for estimated timing of cash flows	1,513
Standardized measure of discounted future net cash flows	$1,432

SOURCES OF CHANGE IN STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

	2001
	(MILLIONS)
Standardized measure of discounted future net cash flows beginning of period	$ 2,720
Changes during the year:	
Sales of oil and gas produced, net of operating costs	(270)
Net change in prices and production costs	(3,945)
Extensions, discoveries and improved recovery, less estimated future costs	153
Development costs incurred during year	199
Changes in estimated future development costs	(41)
Purchase of reserves in place, less estimated future costs	1,069
Sales of reserves in place, less estimated future costs	(8)
Revisions of previous quantity estimates	(43)
Accretion of discount	426
Net change in income taxes	1,077
Other	95
Net changes	(1,288)
Standardized measure of discounted future net cash flows end of period	$ 1,432

THE WILLIAMS COMPANIES, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

	BEGINNING BALANCE	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: OTHER	DEDUCTIONS	ENDING BALANCE
		(MILLIONS)			
Year ended December 31, 2001:					
Allowance for doubtful accounts --					
Accounts and notes receivable(a)	$ 9.8	$100.0	$145.6(e)	$(1.2)(c)	$256.6
Other noncurrent assets(a)	--	103.2	--	--	103.2
Price-risk management credit reserves(a)	60.9	728.5	(141.2)(f)	--	648.2
Refining and processing plant major maintenance accrual(b)	13.9	10.2	--	11.1(d)	13.0
Year ended December 31, 2000:					
Allowance for doubtful accounts --					
Receivables(a)	3.5	4.7	--	(1.6)(c)	9.8
Price-risk management credit reserves(a)	10.6	50.3	--	--	60.9
Refining and processing plant major maintenance accrual(b)	7.6	8.4	--	2.1(d)	13.9
Year ended December 31, 1999:					
Allowance for doubtful accounts --					
Receivables(a)	10.6	(.1)	--	7.0(c)	3.5
Price-risk management credit reserves(a)	13.0	(2.4)	--	--	10.6
Refining and processing plant major maintenance accrual(b)	5.3	7.8	3.9(g)	9.4(d)	7.6

(a) Deducted from related assets.

(b) Included in liabilities.

(c) Represents balances written off, net of recoveries and reclassifications.

(d) Represents payments made.

(e) Reflects a reclassification of the reserve related to Enron from Price-risk management credit reserves to Allowance for doubtful accounts -- Receivables (see Note 19 of Notes to Consolidated Financial Statements) and amounts related to acquisitions of businesses.

(f) Reflects a reclassification of the reserve related to Enron from Price-risk management credit reserves to Allowance for doubtful accounts -- Receivables (see Note 19 of Notes to Consolidated Financial Statements).

(g) Primarily relates to acquisitions of businesses.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information regarding the directors and nominees for director of Williams required by Item 401 of Regulation S-K will be presented under the heading "Election of Directors" in Williams' Proxy Statement prepared for the solicitation of proxies in connection with the Annual Meeting of Stockholders of Williams for 2002 (the "Proxy Statement"), which information is incorporated by reference herein. Information regarding the executive officers of Williams is presented following Item 4 herein as permitted by General Instruction G(3) to Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K. Information required by Item 405 of Regulation S-K is included under the heading "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Proxy Statement, which information is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K regarding executive compensation is presented under the headings "Election of Directors" and "Executive Compensation and Other Information" in the Proxy Statement, which information is incorporated by reference herein. Notwithstanding the foregoing, the information provided under the headings "Compensation Committee Report on Executive Compensation" and "Stockholder Return Performance Presentation" in the Proxy Statement is not incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information regarding the security ownership of certain beneficial owners and management required by Item 403 of Regulation S-K is presented under the headings "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement, which information is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information regarding certain relationships and related transactions required by Item 404 of Regulation S-K is presented under the heading "Certain Relationships and Related Transactions" in the Proxy Statement, which information is incorporated by reference herein.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1 and 2.

	PAGE
Covered by report of independent auditors:	
Consolidated statement of operations for each of the three years ended December 31, 2001	75
Consolidated balance sheet at December 31, 2001 and 2000	76
Consolidated statement of stockholders' equity for each of the three years ended December 31, 2001	77
Consolidated statement of cash flows for each of the three years ended December 31, 2001	78
Notes to consolidated financial statements	79
Schedule for each of the three years ended December 31, 2001:	
II -- Valuation and qualifying accounts	140
Not covered by report of independent auditors:	
Quarterly financial data (unaudited)	134
Supplemental oil and gas disclosures (unaudited)	136

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements and notes thereto.

(a) 3 and (c). The exhibits listed below are filed as part of this annual report.

EXHIBITS

EXHIBIT NO.		DESCRIPTION
2*	--	Agreement and Plan of Merger among Williams, Resources Acquisition Corp. and Barrett Resources Corporation dated as of May 7, 2001 (filed as Exhibit 2 to Form 10-Q filed May 15, 2001).
3(I)(a)*	--	Restated Certificate of Incorporation, as supplemented (filed as Exhibit 3(I)(a) to Form 10-Q filed May 15, 2001).
3(II)(a)*	--	Restated By-laws (filed as Exhibit 99.1 to Form 8-K filed January 19, 2000).
4(a)*	--	Form of Senior Debt Indenture between Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.1 to Form S-3 filed September 8, 1997).
(b)*	--	Form of Subordinated Debt Indenture between Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.2 to Form S-3 filed September 8, 1997).
(c)*	--	Form of Floating Rate Senior Note (filed as Exhibit 4.3 to Form S-3 filed September 8, 1997).
(d)*	--	Form of Fixed Rate Senior Note (filed as Exhibit 4.4 to Form S-3 filed September 8, 1997).
(e)*	--	Form of Floating Rate Subordinated Note (filed as Exhibit 4.5 to Form S-3 filed September 8, 1997).
(f)*	--	Form of Fixed Rate Subordinated Note (filed as Exhibit 4.6 to Form S-3 filed September 8, 1997).
(g)**	--	First Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of September 8, 2000.
(h)**	--	Second Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of December 7, 2000.
(i)**	--	Third Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee dated as of December 20, 2000.
(j)*	--	Fourth Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of January 17, 2001 (filed as Exhibit 4(j) to Form 10-K for the fiscal year ended December 31, 2000).
(k)*	--	Fifth Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of January 17, 2001 (filed as Exhibit 4(k) to Form 10-K for the fiscal year ended December 31, 2000).
(l)*	--	Sixth Supplemental Indenture dated January 14, 2002, between Williams and Bank One Trust Company, National Association, as Trustee (filed as Exhibit 4.1 to Form 8-K filed January 23, 2002).
(m)*	--	Registration Rights Agreement dated January 17, 2001, among Williams and UBS Warburg LLC, Credit Suisse First Boston, Lehman Brothers and the other parties listed therein, as Initial Purchasers (filed as Exhibit 4.4 to Form S-4 filed March 22, 2001).
(n)*	--	Note Purchase Agreement between Williams and parties listed therein dated January 17, 2001 (filed as Exhibit 10.1 to Form S-4 filed March 22, 2001).
(o)*	--	Form of Senior Debt Indenture between Williams and The Chase Manhattan Bank (formerly Chemical Bank), as Trustee (filed as Exhibit 4.1 to Form S-3 filed February 2, 1990).
(p)*	--	Indenture dated May 1, 1990, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated June 25, 1990).

EXHIBIT NO.		DESCRIPTION
(q)*	--	First Supplemental Indenture dated June 20, 1990, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated June 25, 1990).
(r)*	--	Second Supplemental Indenture dated November 29, 1990, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated December 7, 1990).
(s)*	--	Third Supplemental Indenture dated April 23, 1991, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated April 30, 1991).
(t)*	--	Fourth Supplemental Indenture dated August 22, 1991, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated August 27, 1991).
(u)*	--	Fifth Supplemental Indenture dated May 1, 1995, among Transco Energy Company, Williams and The Bank of New York, as Trustee (filed as Exhibit 4(l) to Form 10-K for the fiscal year ended December 31, 1998).
(v)*	--	Form of Senior Debt Indenture between Williams Holdings of Delaware, Inc. and Citibank, N.A., as Trustee (filed as Exhibit 4.1 to Williams Holdings of Delaware, Inc.'s Form 10-Q filed October 18, 1995).
(w)*	--	First Supplemental Indenture dated as of July 31, 1999, among Williams Holdings of Delaware, Inc., Williams and Citibank, N.A., as Trustee (filed as Exhibit 4(o) to Form 10-K for the fiscal year ended December 31, 1999).
(x)*	--	Indenture dated March 31, 1990, between MAPCO Inc. and Bankers Trust Company, as Trustee (filed as Exhibit 4.0 to MAPCO Inc.'s Form 8-K filed February 19, 1991).
(y)*	--	First Supplemental Indenture dated March 31, 1998, among MAPCO Inc., Williams Holdings of Delaware, Inc. and Bankers Trust Company, as Trustee (filed as Exhibit 4(f) to Williams Holdings of Delaware, Inc.'s Form 10-K for the fiscal year ended December 31, 1998).
(z)*	--	Second Supplemental Indenture dated as of July 31, 1999, among Williams Holdings of Delaware, Inc., Williams and Bankers Trust Company, as Trustee (filed as Exhibit 4(p) to Form 10-K for the fiscal year ended December 31, 1999).
(aa)*	--	Senior Indenture dated February 25, 1997, between MAPCO Inc. and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.5.1 to MAPCO Inc.'s Amendment No. 1 to Form S-3 dated February 25, 1997).
(bb)*	--	Supplemental Indenture No. 1 dated March 5, 1997, between MAPCO Inc. and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.(o) to MAPCO Inc.'s Form 10-K for the fiscal year ended December 31, 1997).
(cc)*	--	Supplemental Indenture No. 2 dated March 5, 1997, between MAPCO Inc. and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.(p) to MAPCO Inc.'s Form 10-K for the fiscal year ended December 31, 1997).
(dd)*	--	Supplemental Indenture No. 3 dated March 31, 1998, among MAPCO Inc., Williams Holdings of Delaware, Inc. and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4(j) to Williams Holdings of Delaware, Inc.'s Form 10-K for the fiscal year ended December 31, 1998).
(ee)*	--	Supplemental Indenture No. 4 dated as of July 31, 1999, among Williams Holdings of Delaware, Inc., Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4(q) to Form 10-K for the fiscal year ended December 31, 1999).
(ff)*	--	Revised Form of Indenture between Barrett Resources Corporation, as Issuer, and Bankers Trust Company, as Trustee, with respect to Senior Notes including specimen of 7.55% Senior Notes (filed as Exhibit 4.1 to Barrett Resources Corporation's Amendment No. 2 to Registration Statement on Form S-3 filed February 10, 1997).

EXHIBIT NO.		DESCRIPTION
(gg)*	--	First Supplemental Indenture dated 2001, between Barrett Resources Corporation, as Issuer, and Bankers Trust Company, as Trustee (filed as Exhibit 4.3 to Form 10-Q filed November 13, 2001).
(hh)*	--	Second Supplemental Indenture dated as of August 2, 2001, among Barrett Resources Corporation, as Issuer, Resources Acquisition Corp., The Williams Companies, Inc. and Bankers Trust Company, as Trustee (filed as Exhibit 4.4 to Form 10-Q filed November 13, 2001).
(ii)*	--	Rights Agreement dated as of February 6, 1996, between Williams and First Chicago Trust Company of New York (filed as Exhibit 4 to Form 8-K filed January 24, 1996).
(jj)*	--	Certificate of Increase of Authorized Number of Shares of Series A Junior Participating Preferred Stock (filed as Exhibit 3(f) to Form 10-K for the fiscal year ended December 31, 1995).
(kk)*	--	Certificate of Increase of Authorized Number of Shares of Series A Junior Participating Preferred Stock (filed as Exhibit 3(g) to Form 10-K for the fiscal year ended December 31, 1997).
(ll)*	--	Form of Note (filed as Exhibit 4.2 and included in Exhibit 4.1 to Form 8-K filed January 23, 2002).
(mm)*	--	Purchase Contract Agreement dated January 14, 2002, between Williams and JPMorgan Chase Bank, as Purchase Contract Agent (filed as Exhibit 4.3 to Form 8-K filed January 23, 2002).
(nn)*	--	Form of Income PACS Certificate (filed as Exhibit 4.4 and included in Exhibit 4.3 to Form 8-K filed January 23, 2002).
(oo)*	--	Pledge Agreement dated January 14, 2002, among Williams, JPMorgan Chase Bank, as Collateral Agent, and JPMorgan Chase Bank, as Purchase Contract Agent (filed as Exhibit 4.5 to Form 8-K filed January 23, 2002).
(pp)*	--	Remarketing Agreement dated January 14, 2002, among Williams, JPMorgan Chase Bank, as Purchase Contract Agent, and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Remarketing Agent (filed as Exhibit 4.6 to Form 8-K filed January 23, 2002).
(qq)	--	Trust Indenture dated as of August 13, 2001 among Kern River Funding Corporation, as Issuer, Kern River Gas Transmission Company, as Guarantor, and The Chase Manhattan Bank, as Trustee.
(rr)*	--	Indenture dated as of August 27, 2001, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A. (filed as Exhibit 4.1 to Transco's Registration Statement on Form S-4 filed November 8, 2001).
10(a)*	--	Credit Agreement dated as July 25, 2000, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4.1 to Form 10-Q filed August 11, 2000).
(b)*	--	Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, to Credit Agreement dated July 25, 2000, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4(jj) to Form 10-K for the fiscal year ended December 31, 2000).
(c)	--	Second Amendment to Credit Agreement dated as of February 7, 2002, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent.
(d)*	--	Credit Agreement dated as of July 25, 2000, among Williams, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4.2 to Form 10-Q filed August 11, 2000).
(e)*	--	Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, to Credit Agreement dated July 25, 2000, among Williams, the banks named therein and Citibank, N.A., as agent.
(f)	--	Limited Waiver and Second Amendment to Credit Agreement dated July 24, 2001, among Williams, the banks named therein and Citibank, N.A., as agent.

EXHIBIT NO.		DESCRIPTION
(g)	--	Third Amendment to Credit Agreement dated as of February 7, 2002, among Williams, the banks named therein and Citibank, N.A., as agent.
(h)*	--	U.S. $400,000,000 Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(r) to Form 10-K for the fiscal year ended December 31, 1999).
(i)*	--	First Amendment dated as of August 21, 2000, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(nn) to Form 10-K for the fiscal year ended December 31, 2000).
(j)*	--	Form of Waiver and Second Amendment dated as of January 31, 2001, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(oo) to Form 10-K for the fiscal year ended December 31, 2000).
(k)	--	Third Amendment dated as of February 7, 2002, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent.
(l)*	--	Underwriting Agreement dated January 16, 2001, among Williams and the underwriters named therein (filed as Exhibit 10(a) to Form 10-K for the fiscal year ended December 31, 2000).
(m)*	--	Participation Agreement among Williams, Williams Communications Group, Inc., Williams Communications, LLC, WCG Note Trust, WCG Note Corp., Inc., Williams Share Trust, United States Trust Company of New York and Wilmington Trust Company dated as of March 22, 2001 (filed as Exhibit 10(a) to Form 10-Q filed May 15, 2001).
(n)*	--	Williams Preferred Stock Remarketing, Registration Rights and Support Agreement among Williams, Williams Share Trust, WCG Note Trust, United States Trust Company of New York and Credit Suisse First Boston Corporation dated as of March 28, 2001 (filed as Exhibit 10(b) to Form 10-Q filed May 15, 2001).
(o)*	--	Indenture dated as of March 28, 2001, among WCG Note Trust, Issuer, WCG Note Corp., Inc., Co-Issuer, and United States Trust Company of New York, Indenture Trustee and Securities Intermediary (filed as Exhibit 10.8 to Form 10-Q filed November 13, 2001).
(p)*	--	Intercreditor Agreement dated as of September 8, 1999, among Williams, Williams Communications Group, Inc., Williams Communications, LLC and Bank of America N.A. (filed as Exhibit 10.7 to Form 10-Q filed November 13, 2001).
(q)	--	Amendment and Consent dated as of August 17, 2000, to the Amended and Restated Participation Agreement, attaching as Exhibit A the Second Amended and Restated Guaranty Agreement dated as of August 17, 2000, between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(r)	--	Amendment, Waiver and Consent dated as of January 31, 2001, to Second Amended and Restated Guaranty Agreement between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(s)	--	Amendment and Consent dated as of February 7, 2002, to Second Amended and Restated Guaranty Agreement between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(t)	--	Membership Interest Purchase Agreement dated as of September 13, 2001, between Williams Communications, LLC and Williams Aircraft, Inc.
(u)	--	Aircraft Dry Lease, N352WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.

EXHIBIT NO.		DESCRIPTION
(v)	--	Aircraft Dry Lease, N358WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.
(w)	--	Aircraft Dry Lease, N359WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.
(x)	--	Agreement of Purchase and Sale dated as of September 13, 2001, among Williams Technology Center, LLC, Williams Headquarters Building Company and Williams Communications, LLC.
(y)	--	Master Lease dated as of September 13, 2001, among Williams Technology Center, LLC, Williams Headquarters Building Company and Williams Communications, LLC.
(z)*	--	The Williams Companies, Inc. Supplemental Retirement Plan effective as of January 1, 1988 (filed as Exhibit 10(iii)(c) to Form 10-K for the fiscal year ended December 31, 1987).
(aa)*	--	Form of The Williams Companies, Inc. Change in Control Protection Plan among Williams and employees (filed as Exhibit 10(iii)(e) to Form 10-K for the fiscal year ended December 31, 1989).
(bb)*	--	The Williams Companies, Inc. 1985 Stock Option Plan (filed as Exhibit A to the Proxy Statement dated March 13, 1985).
(cc)*	--	The Williams Companies, Inc. 1988 Stock Option Plan for Non-Employee Directors (filed as Exhibit A to the Proxy Statement dated March 14, 1988).
(dd)*	--	The Williams Companies, Inc. 1990 Stock Plan (filed as Exhibit A to the Proxy Statement dated March 12, 1990).
(ee)*	--	The Williams Companies, Inc. Stock Plan for Non-Officer Employees (filed as Exhibit 10(iii)(g) to Form 10-K for the fiscal year ended December 31, 1995).
(ff)*	--	The Williams Companies, Inc. 1996 Stock Plan (filed as Exhibit A to the Proxy Statement dated March 27, 1996).
(gg)*	--	The Williams Companies, Inc. 1996 Stock Plan for Non-Employee Directors (filed as Exhibit B to the Proxy Statement dated March 27, 1996).
(hh)*	--	Indemnification Agreement effective as of August 1, 1986, among Williams, members of the Board of Directors and certain officers of Williams (filed as Exhibit 10(iii)(e) to Form 10-K for the year ended December 31, 1986).
(ii)*	--	The Williams International Stock Plan (filed as Exhibit 10(iii)(l) to Form 10-K for the fiscal year ended December 31, 1998).
(jj)*	--	Form of Stock Option Secured Promissory Note and Pledge Agreement among Williams and certain employees, officers and non-employee directors (filed as Exhibit 10(iii)(m) to Form 10-K for the fiscal year ended December 31, 1998).
(kk)*	--	The Williams Companies, Inc. 2001 Stock Plan (filed as Exhibit 4.1 to Form S-8 filed August 1, 2001).
(ll)*	--	Amended and Restated Separation Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.1 to Form 8-K filed May 3, 2001).
(mm)*	--	Amended and Restated Administrative Services Agreement dated April 23, 2001, between Williams and certain subsidiaries of Williams and Williams Communications Group, Inc., and certain subsidiaries of Communications (filed as Exhibit 99.2 to Form 8-K filed May 3, 2001).
(nn)*	--	Tax Sharing Agreement dated as of September 30, 1999, and amended and restated as of April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.3 to Form 8-K filed May 3, 2001).
(oo)*	--	Amended and Restated Indemnification Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.4 to Form 8-K filed May 3, 2001).
(pp)*	--	Shareholder Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.5 to Form 8-K filed May 3, 2001).

EXHIBIT NO.		DESCRIPTION
(qq)*	--	Amended and Restated Employee Benefits Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.6 to Form 8-K filed May 3, 2001).
(rr)*	--	Deferral Letter dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.7 to Form 8-K filed May 3, 2001).
(ss)*	--	Underwriting Agreement dated January 7, 2002, between Williams and the several underwriters named therein (filed as Exhibit 1.1 to Form 8-K filed January 23, 2002).
12	--	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
20*	--	Definitive Proxy Statement of Williams for 2002 (to be filed with the Securities and Exchange Commission on or before March 31, 2002).
21	--	Subsidiaries of the registrant.
23	--	Consent of Independent Auditors, Ernst & Young LLP.
24	--	Power of Attorney together with certified resolution.

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* Each such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

** Williams agrees upon request to furnish each such exhibit to the Securities and Exchange Commission. The total amount of the securities authorized under each such exhibit does not exceed ten percent of the total assets of Williams and its subsidiaries taken as a whole.

(b) Reports on Form 8-K.

On November 29, 2001, Williams filed a current report on Form 8-K to reaffirm its 2001 earnings guidance and 15 percent annual earnings growth.

On December 19, 2001, Williams filed a current report on Form 8-K to announce steps to further strengthen its balance sheet and liquidity profile.

On December 21, 2001, Williams filed a current report on Form 8-K to announce that international rating agencies Fitch, Inc., Standard & Poor's and Moody's Investors Service had reaffirmed Williams' investment-grade ratings.

(d) The financial statements of partially owned companies are not presented herein since none of them individually, or in the aggregate, constitute a significant subsidiary.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE WILLIAMS COMPANIES, INC.
(Registrant)

By: /s/ SUZANNE H. COSTIN
Suzanne H. Costin
Attorney-in-fact

Date: March 7, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ STEVEN J. MALCOLM* Steven J. Malcolm	President, Chief Executive Officer and Director (Principal Executive Officer)	March 7, 2002
/s/ JACK D. MCCARTHY* Jack D. McCarthy	Senior Vice President -- Finance (Principal Financial Officer)	March 7, 2002
/s/ GARY R. BELITZ* Gary R. Belitz	Controller (Principal Accounting Officer)	March 7, 2002
/s/ KEITH E. BAILEY* Keith E. Bailey	Chairman of the Board and Director	March 7, 2002
/s/ HUGH M. CHAPMAN* Hugh M. Chapman	Director	March 7, 2002
/s/ GLENN A. COX* Glenn A. Cox	Director	March 7, 2002
/s/ THOMAS H. CRUIKSHANK* Thomas H. Cruikshank	Director	March 7, 2002
/s/ WILLIAM E. GREEN* William E. Green	Director	March 7, 2002
/s/ IRA D. HALL* Ira D. Hall	Director	March 7, 2002
/s/ W.R. HOWELL* W.R. Howell	Director	March 7, 2002

SIGNATURE	TITLE	DATE
/s/ JAMES C. LEWIS* James C. Lewis	Director	March 7, 2002
/s/ CHARLES M. LILLIS* Charles M. Lillis	Director	March 7, 2002
/s/ GEORGE A. LORCH* George A. Lorch	Director	March 7, 2002
/s/ FRANK T. MACINNIS* Frank T. MacInnis	Director	March 7, 2002
/s/ GORDON R. PARKER* Gordon R. Parker	Director	March 7, 2002
/s/ JANICE D. STONEY* Janice D. Stoney	Director	March 7, 2002
/s/ JOSEPH H. WILLIAMS* Joseph H. Williams	Director	March 7, 2002
*By: /s/ SUZANNE H. COSTIN Suzanne H. Costin Attorney-in-fact		March 7, 2002

INDEX TO EXHIBITS

EXHIBIT NO.		DESCRIPTION
2*	--	Agreement and Plan of Merger among Williams, Resources Acquisition Corp. and Barrett Resources Corporation dated as of May 7, 2001 (filed as Exhibit 2 to Form 10-Q filed May 15, 2001).
3(I)(a)*	--	Restated Certificate of Incorporation, as supplemented (filed as Exhibit 3(I)(a) to Form 10-Q filed May 15, 2001).
3(II)(a)*	--	Restated By-laws (filed as Exhibit 99.1 to Form 8-K filed January 19, 2000).
4(a)*	--	Form of Senior Debt Indenture between Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.1 to Form S-3 filed September 8, 1997).
(b)*	--	Form of Subordinated Debt Indenture between Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4.2 to Form S-3 filed September 8, 1997).
(c)*	--	Form of Floating Rate Senior Note (filed as Exhibit 4.3 to Form S-3 filed September 8, 1997).
(d)*	--	Form of Fixed Rate Senior Note (filed as Exhibit 4.4 to Form S-3 filed September 8, 1997).
(e)*	--	Form of Floating Rate Subordinated Note (filed as Exhibit 4.5 to Form S-3 filed September 8, 1997).
(f)*	--	Form of Fixed Rate Subordinated Note (filed as Exhibit 4.6 to Form S-3 filed September 8, 1997).
(g)**	--	First Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of September 8, 2000.
(h)**	--	Second Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of December 7, 2000.
(i)**	--	Third Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee dated as of December 20, 2000.
(j)*	--	Fourth Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of January 17, 2001 (filed as Exhibit 4(j) to Form 10-K for the fiscal year ended December 31, 2000).
(k)*	--	Fifth Supplemental Indenture between Williams and Bank One Trust Company, N.A., as Trustee, dated as of January 17, 2001 (filed as Exhibit 4(k) to Form 10-K for the fiscal year ended December 31, 2000).
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(o)*	--	Form of Senior Debt Indenture between Williams and The Chase Manhattan Bank (formerly Chemical Bank), as Trustee (filed as Exhibit 4.1 to Form S-3 filed February 2, 1990).
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EXHIBIT NO.		DESCRIPTION
(s)*	--	Third Supplemental Indenture dated April 23, 1991, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated April 30, 1991).
(t)*	--	Fourth Supplemental Indenture dated August 22, 1991, between Transco Energy Company and The Bank of New York, as Trustee (filed as an Exhibit to Transco Energy Company's Form 8-K dated August 27, 1991).
(u)*	--	Fifth Supplemental Indenture dated May 1, 1995, among Transco Energy Company, Williams and The Bank of New York, as Trustee (filed as Exhibit 4(l) to Form 10-K for the fiscal year ended December 31, 1998).
(v)*	--	Form of Senior Debt Indenture between Williams Holdings of Delaware, Inc. and Citibank, N.A., as Trustee (filed as Exhibit 4.1 to Williams Holdings of Delaware, Inc.'s Form 10-Q filed October 18, 1995).
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(ee)*	--	Supplemental Indenture No. 4 dated as of July 31, 1999, among Williams Holdings of Delaware, Inc., Williams and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee (filed as Exhibit 4(q) to Form 10-K for the fiscal year ended December 31, 1999).
(ff)*	--	Revised Form of Indenture between Barrett Resources Corporation, as Issuer, and Bankers Trust Company, as Trustee, with respect to Senior Notes including specimen of 7.55% Senior Notes (filed as Exhibit 4.1 to Barrett Resources Corporation's Amendment No. 2 to Registration Statement on Form S-3 filed February 10, 1997).
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(hh)*	--	Second Supplemental Indenture dated as of August 2, 2001, among Barrett Resources Corporation, as Issuer, Resources Acquisition Corp., The Williams Companies, Inc. and Bankers Trust Company, as Trustee (filed as Exhibit 4.4 to Form 10-Q filed November 13, 2001).

EXHIBIT NO.		DESCRIPTION
(ii)*	--	Rights Agreement dated as of February 6, 1996, between Williams and First Chicago Trust Company of New York (filed as Exhibit 4 to Form 8-K filed January 24, 1996).
(jj)*	--	Certificate of Increase of Authorized Number of Shares of Series A Junior Participating Preferred Stock (filed as Exhibit 3(f) to Form 10-K for the fiscal year ended December 31, 1995).
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(rr)*	--	Indenture dated as of August 27, 2001, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A. (filed as Exhibit 4.1 to Transco's Registration Statement on Form S-4 filed November 8, 2001).
10(a)*	--	Credit Agreement dated as July 25, 2000, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4.1 to Form 10-Q filed August 11, 2000).
(b)*	--	Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, to Credit Agreement dated July 25, 2000, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4(jj) to Form 10-K for the fiscal year ended December 31, 2000).
(c)	--	Second Amendment to Credit Agreement dated as of February 7, 2002, among Williams and certain of its subsidiaries, the banks named therein and Citibank, N.A., as agent.
(d)*	--	Credit Agreement dated as of July 25, 2000, among Williams, the banks named therein and Citibank, N.A., as agent (filed as Exhibit 4.2 to Form 10-Q filed August 11, 2000).
(e)*	--	Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, to Credit Agreement dated July 25, 2000, among Williams, the banks named therein and Citibank, N.A., as agent.
(f)	--	Limited Waiver and Second Amendment to Credit Agreement dated July 24, 2001, among Williams, the banks named therein and Citibank, N.A., as agent.
(g)	--	Third Amendment to Credit Agreement dated as of February 7, 2002, among Williams, the banks named therein and Citibank, N.A., as agent.
(h)*	--	U.S. $400,000,000 Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(r) to Form 10-K for the fiscal year ended December 31, 1999).

EXHIBIT NO.		DESCRIPTION
(i)*	--	First Amendment dated as of August 21, 2000, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(nn) to Form 10-K for the fiscal year ended December 31, 2000).
(j)*	--	Form of Waiver and Second Amendment dated as of January 31, 2001, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent (filed as Exhibit 4(oo) to Form 10-K for the fiscal year ended December 31, 2000).
(k)	--	Third Amendment dated as of February 7, 2002, to Term Loan Agreement dated April 7, 2000, among Williams, the lenders named therein and Credit Lyonnais New York Branch, as administrative agent.
(l)*	--	Underwriting Agreement dated January 16, 2001, among Williams and the underwriters named therein (filed as Exhibit 10(a) to Form 10-K for the fiscal year ended December 31, 2000).
(m)*	--	Participation Agreement among Williams, Williams Communications Group, Inc., Williams Communications, LLC, WCG Note Trust, WCG Note Corp., Inc., Williams Share Trust, United States Trust Company of New York and Wilmington Trust Company dated as of March 22, 2001 (filed as Exhibit 10(a) to Form 10-Q filed May 15, 2001).
(n)*	--	Williams Preferred Stock Remarketing, Registration Rights and Support Agreement among Williams, Williams Share Trust, WCG Note Trust, United States Trust Company of New York and Credit Suisse First Boston Corporation dated as of March 28, 2001 (filed as Exhibit 10(b) to Form 10-Q filed May 15, 2001).
(o)*	--	Indenture dated as of March 28, 2001, among WCG Note Trust, Issuer, WCG Note Corp., Inc., Co-Issuer, and United States Trust Company of New York, Indenture Trustee and Securities Intermediary (filed as Exhibit 10.8 to Form 10-Q filed November 13, 2001).
(p)*	--	Intercreditor Agreement dated as of September 8, 1999, among Williams, Williams Communications Group, Inc., Williams Communications, LLC and Bank of America N.A. (filed as Exhibit 10.7 to Form 10-Q filed November 13, 2001).
(q)	--	Amendment and Consent dated as of August 17, 2000, to the Amended and Restated Participation Agreement, attaching as Exhibit A the Second Amended and Restated Guaranty Agreement dated as of August 17, 2000, between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(r)	--	Amendment, Waiver and Consent dated as of January 31, 2001, to Second Amended and Restated Guaranty Agreement between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(s)	--	Amendment and Consent dated as of February 7, 2002, to Second Amended and Restated Guaranty Agreement between Williams, State Street Bank and Trust Company of Connecticut, National Association, State Street Bank and Trust Company and Citibank, N.A., as Agent.
(t)	--	Membership Interest Purchase Agreement dated as of September 13, 2001, between Williams Communications, LLC and Williams Aircraft, Inc.
(u)	--	Aircraft Dry Lease, N352WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.
(v)	--	Aircraft Dry Lease, N358WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.
(w)	--	Aircraft Dry Lease, N359WC, dated as of September 13, 2001, between Williams Communications Aircraft, LLC and Williams Communications, LLC.

EXHIBIT NO.		DESCRIPTION
(x)	--	Agreement of Purchase and Sale dated as of September 13, 2001, among Williams Technology Center, LLC, Williams Headquarters Building Company and Williams Communications, LLC.
(y)	--	Master Lease dated as of September 13, 2001, among Williams Technology Center, LLC, Williams Headquarters Building Company and Williams Communications, LLC.
(z)*	--	The Williams Companies, Inc. Supplemental Retirement Plan effective as of January 1, 1988 (filed as Exhibit 10(iii)(c) to Form 10-K for the fiscal year ended December 31, 1987).
(aa)*	--	Form of The Williams Companies, Inc. Change in Control Protection Plan among Williams and employees (filed as Exhibit 10(iii)(e) to Form 10-K for the fiscal year ended December 31, 1989).
(bb)*	--	The Williams Companies, Inc. 1985 Stock Option Plan (filed as Exhibit A to the Proxy Statement dated March 13, 1985).
(cc)*	--	The Williams Companies, Inc. 1988 Stock Option Plan for Non-Employee Directors (filed as Exhibit A to the Proxy Statement dated March 14, 1988).
(dd)*	--	The Williams Companies, Inc. 1990 Stock Plan (filed as Exhibit A to the Proxy Statement dated March 12, 1990).
(ee)*	--	The Williams Companies, Inc. Stock Plan for Non-Officer Employees (filed as Exhibit 10(iii)(g) to Form 10-K for the fiscal year ended December 31, 1995).
(ff)*	--	The Williams Companies, Inc. 1996 Stock Plan (filed as Exhibit A to the Proxy Statement dated March 27, 1996).
(gg)*	--	The Williams Companies, Inc. 1996 Stock Plan for Non-Employee Directors (filed as Exhibit B to the Proxy Statement dated March 27, 1996).
(hh)*	--	Indemnification Agreement effective as of August 1, 1986, among Williams, members of the Board of Directors and certain officers of Williams (filed as Exhibit 10(iii)(e) to Form 10-K for the year ended December 31, 1986).
(ii)*	--	The Williams International Stock Plan (filed as Exhibit 10(iii)(l) to Form 10-K for the fiscal year ended December 31, 1998).
(jj)*	--	Form of Stock Option Secured Promissory Note and Pledge Agreement among Williams and certain employees, officers and non-employee directors (filed as Exhibit 10(iii)(m) to Form 10-K for the fiscal year ended December 31, 1998).
(kk)*	--	The Williams Companies, Inc. 2001 Stock Plan (filed as Exhibit 4.1 to Form S-8 filed August 1, 2001).
(ll)*	--	Amended and Restated Separation Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.1 to Form 8-K filed May 3, 2001).
(mm)*	--	Amended and Restated Administrative Services Agreement dated April 23, 2001, between Williams and certain subsidiaries of Williams and Williams Communications Group, Inc., and certain subsidiaries of Communications (filed as Exhibit 99.2 to Form 8-K filed May 3, 2001).
(nn)*	--	Tax Sharing Agreement dated as of September 30, 1999, and amended and restated as of April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.3 to Form 8-K filed May 3, 2001).
(oo)*	--	Amended and Restated Indemnification Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.4 to Form 8-K filed May 3, 2001).
(pp)*	--	Shareholder Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.5 to Form 8-K filed May 3, 2001).
(qq)*	--	Amended and Restated Employee Benefits Agreement dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.6 to Form 8-K filed May 3, 2001).
(rr)*	--	Deferral Letter dated April 23, 2001, between Williams and Williams Communications Group, Inc. (filed as Exhibit 99.7 to Form 8-K filed May 3, 2001).

EXHIBIT NO.		DESCRIPTION
(ss)*	--	Underwriting Agreement dated January 7, 2002, between Williams and the several underwriters named therein (filed as Exhibit 1.1 to Form 8-K filed January 23, 2002).
12	--	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
20*	--	Definitive Proxy Statement of Williams for 2002 (to be filed with the Securities and Exchange Commission on or before March 31, 2002).
21	--	Subsidiaries of the registrant.
23	--	Consent of Independent Auditors, Ernst & Young LLP.
24	--	Power of Attorney together with certified resolution.

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* Each such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

** Williams agrees upon request to furnish each such exhibit to the Securities and Exchange Commission. The total amount of the securities authorized under each such exhibit does not exceed ten percent of the total assets of Williams and its subsidiaries taken as a whole.

EXHIBIT 4(qq)

TRUST INDENTURE

DATED AS OF AUGUST 13, 2001

AMONG

KERN RIVER FUNDING CORPORATION,
AS ISSUER,

KERN RIVER GAS TRANSMISSION COMPANY,
AS GUARANTOR,

AND

THE CHASE MANHATTAN BANK
AS TRUSTEE

INCLUDING
$510,000,000 6.676% SENIOR NOTES DUE 2016

TABLE OF CONTENTS

PAGE

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.1. Definitions....1
SECTION 1.2. Compliance Certificates and Opinions....20
SECTION 1.3. Form of Documents Delivered to Trustee....20
SECTION 1.4. Acts of Holders; Record Dates....21
SECTION 1.5. Notices, Etc., to Trustee, Company and Partnership....23
SECTION 1.6. Notice to Holders; Waiver....23
SECTION 1.7. Effect of Headings and Table of Contents....23
SECTION 1.8. Successors and Assigns....23
SECTION 1.9. Separability Clause....24
SECTION 1.10. Benefits of Indenture....24
SECTION 1.11. Governing Law....24
SECTION 1.12. Legal Holidays....24
SECTION 1.13. Counterparts....24
SECTION 1.14. Agency....24

ARTICLE 2

THE SECURITIES

SECTION 2.1. Forms Generally....24
SECTION 2.2. Legends on Restricted Securities....25
SECTION 2.3. Amount Unlimited; Issuable in Series....27
SECTION 2.4. Denominations....29
SECTION 2.5. Execution, Authentication, Delivery and Dating....29
SECTION 2.6. Temporary Securities....30
SECTION 2.7. Registration, Registration of Transfer and Exchange....31
SECTION 2.8. Mutilated, Destroyed, Lost and Stolen Securities....37
SECTION 2.9. Payments; Interest Rights Preserved....38
SECTION 2.10. Persons Deemed Owners....39
SECTION 2.11. Cancellation....39
SECTION 2.12. Computation of Interest....39
SECTION 2.13. Certification Forms....39

SECTION 2.14. CUSIP Numbers....................40

ARTICLE 3

SATISFACTION AND DISCHARGE

SECTION 3.1. Satisfaction and Discharge of Indenture....................40
SECTION 3.2. Application of Trust Money....................41

ARTICLE 4

REMEDIES

SECTION 4.1. Events of Default....................42
SECTION 4.2. Acceleration of Maturity; Rescission and Annulment....................44
SECTION 4.3. Collection of Indebtedness and Suits for Enforcement by Trustee....................45
SECTION 4.4. Trustee May File Proofs of Claim....................46
SECTION 4.5. Trustee May Enforce Claims Without Possession of Securities....................46
SECTION 4.6. Application of Money Collected....................47
SECTION 4.7. Limitation on Suits....................47
SECTION 4.8. Unconditional Right of Holders to Receive Principal, Premium and Interest....................48
SECTION 4.9. Restoration of Rights and Remedies....................48
SECTION 4.10. Rights and Remedies Cumulative....................48
SECTION 4.11. Delay or Omission Not Waiver....................48
SECTION 4.12. Control by Holders....................48
SECTION 4.13. Waiver of Past Defaults....................49
SECTION 4.14. Undertaking for Costs....................49
SECTION 4.15. Waiver of Usury, Stay or Extension Laws....................49
SECTION 4.16. Securities Held by Certain Persons Not to Share in Distribution....................49
SECTION 4.17. The Collateral Agency Agreement....................49

ARTICLE 5

THE TRUSTEE

SECTION 5.1. Certain Duties and Responsibilities....................50
SECTION 5.2. Notice of Defaults....................51
SECTION 5.3. Certain Rights of Trustee....................51
SECTION 5.4. Not Responsible for Recitals or Issuance of Securities....................52
SECTION 5.5. May Hold Securities....................52
SECTION 5.6. Money Held in Trust....................53
SECTION 5.7. Compensation and Reimbursement....................53

SECTION 5.8. Corporate Trustee Required; Eligibility....54
SECTION 5.9. Resignation and Removal; Appointment of Successor....54
SECTION 5.10. Acceptance of Appointment by Successor....55
SECTION 5.11. Merger, Conversion, Consolidation or Succession to Business....56
SECTION 5.12. Appointment of Paying Agent and Authenticating Agent....56
SECTION 5.13. Rights and Obligations of Trustee as Representative of the Holders under the Security Agreements....59

ARTICLE 6

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 6.1. Company to Furnish Trustee Names and Addresses of Holders....59
SECTION 6.2. Preservation of Information; Communications to Holders....59

ARTICLE 7

SUPPLEMENTAL INDENTURES

SECTION 7.1. Supplemental Indentures Without Consent of Holders....60
SECTION 7.2. Supplemental Indentures With Consent of Holders....61
SECTION 7.3. Execution of Supplemental Indentures....62
SECTION 7.4. Effect of Supplemental Indentures....63
SECTION 7.5. Reference in Securities to Supplemental Indentures....63

ARTICLE 8

COVENANTS

SECTION 8.1. Financial Statements, Etc....63
SECTION 8.2. Payment of Principal, Premium and Interest....65
SECTION 8.3. Existence, Etc....65
SECTION 8.4. Money for Securities Payments to be Held in Trust....65
SECTION 8.5. Insurance....66
SECTION 8.6. Prohibition of Fundamental Changes....68
SECTION 8.7. Ownership of the Company; No Other Subsidiaries....68
SECTION 8.8. Limitation on Liens....68
SECTION 8.9. Indebtedness....69
SECTION 8.10. Investments....70
SECTION 8.11. Distributions....71
SECTION 8.12. Affiliate Subordinated Debt....71
SECTION 8.13. Lines of Business; Single-Purpose Entity....71
SECTION 8.14. Transactions with Affiliates and Related Parties....71

SECTION 8.15. Modifications of Certain Documents........71
SECTION 8.16. Mandatory Obligor Actions........72
SECTION 8.17. Rule 144A Information........72
SECTION 8.18. Maintenance of Office or Agency........72
SECTION 8.19. Use of Proceeds........73
SECTION 8.20. Expansion........73
SECTION 8.21. Compliance with Law........74
SECTION 8.22. Property........74
SECTION 8.23. FERC Filings........74
SECTION 8.24. Transportation Service Agreement........74
SECTION 8.25. Collateral Agency Agreement........74
SECTION 8.26. Transfers........74
SECTION 8.27. Amendment to Partnership Security Agreement........74
SECTION 8.28. Debt Service Notices to Collateral Agent........75

ARTICLE 9

REDEMPTION OF SECURITIES

SECTION 9.1. Applicability of Article........75
SECTION 9.2. Election to Redeem; Notice to Trustee........75
SECTION 9.3. Selection by Trustee of Securities to Be Redeemed........75
SECTION 9.4. Notice of Redemption........76
SECTION 9.5. Deposit of Redemption Price........77
SECTION 9.6. Securities Payable on Redemption Date........77
SECTION 9.7. Securities Redeemed in Part........77
SECTION 9.8. Mandatory Redemption Upon a Casualty Event........77
SECTION 9.9. Redemption at Company's Option........78

ARTICLE 10

SINKING FUNDS

SECTION 10.1. Applicability of Article........78
SECTION 10.2. Satisfaction of Sinking Fund Payments with Securities........78
SECTION 10.3. Redemption of Securities for Sinking Fund........79

ARTICLE 11

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 11.1. Company's Option to Effect Defeasance or Covenant Defeasance........79
SECTION 11.2. Defeasance and Discharge........79

SECTION 11.3. Covenant Defeasance....79
SECTION 11.4. Conditions to Defeasance or Covenant Defeasance....80
SECTION 11.5. Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions....82
SECTION 11.6. Reinstatement....82

ARTICLE 12

PARTNERSHIP GUARANTEE

SECTION 12.1. Obligations Guaranteed....83
SECTION 12.2. Obligations Unconditional....83
SECTION 12.3. No Waiver or Set-off....84
SECTION 12.4. Waiver of Notice; Expenses....84
SECTION 12.5. Benefit and Enforcement....84
SECTION 12.6. Survival of Partnership Guarantee Obligation; Waiver of Subrogation....84
SECTION 12.7. Pledge of Partnership Collateral....85

ARTICLE 13

LIMITATION OF LIABILITY

SECTION 13.1. Company....85
SECTION 13.2. Partnership....85

EXHIBITS

EXHIBIT A	FORM OF NOTE
EXHIBIT B	FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER FROM RESTRICTED GLOBAL SECURITY TO REGULATION S GLOBAL SECURITY
EXHIBIT C	FORM OF TRANSFER CERTIFICATE FOR TRANSFER OR EXCHANGE FROM REGULATION S GLOBAL SECURITY TO RESTRICTED GLOBAL SECURITY
EXHIBIT D	FORM OF TRANSFER CERTIFICATE FOR TRANSFER OR EXCHANGE OF RESTRICTED SECURITY
EXHIBIT E	FORM OF INSTITUTIONAL ACCREDITED INVESTOR TRANSFEREE COMPLIANCE LETTER

This TRUST INDENTURE, dated as of August 13, 2001, among KERN RIVER FUNDING CORPORATION, a corporation duly organized and validly existing under the laws of the State of Delaware, as issuer (the "Company"), having its principal office at Tulsa, Oklahoma, Kern River Gas Transmission Company, a general partnership duly organized and existing under the laws of the State of Texas, as guarantor (the "Partnership"), having its principal office at Salt Lake City, Utah, and The Chase Manhattan Bank, a New York corporation, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance in its individual capacity and as agent for the Partnership from time to time of the Company's debentures, notes or other evidences of indebtedness in one or more series as in this Indenture provided herein (the "Securities"); and

WHEREAS, the Company wishes to lend all of the proceeds of the sale of the Securities to the Partnership; and

WHEREAS, the Partnership wishes to provide its guarantee to secure the payment of the principal of, premium on, if any, and interest on, all the Securities authenticated and delivered hereunder and issued by the Company and the performance of the covenants therein and herein contained; and

WHEREAS, all things necessary to make this Indenture a valid agreement of the Company and the Partnership, in accordance with its terms, have been done;

NOW, THEREFORE, for and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with regulatory accounting principles (whether or not such is indicated herein), and, except as otherwise herein expressly provided, the term "required accounting practices" with respect to any computation required or permitted hereunder means such accounting practices as are required by the Company and the Partnership, at the date of such computation;

(3) unless otherwise specifically set forth herein, all calculations or determinations of a Person shall be performed or made in accordance with RAP;

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture;

(5) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(6) unless the context clearly intends to the contrary, pronouns having a masculine or feminine gender shall be deemed to include the other; and

(7) unless otherwise expressly specified, any agreement, contract or document defined or referred to herein shall mean such agreement, contract or document as in effect as of the date hereof, as the same may thereafter be amended, supplemented or otherwise modified from time to time in accordance with the terms of this Indenture and the other Project Agreements (as hereinafter defined) and shall include any agreement, contract or document in substitution or replacement of any of the foregoing entered into in accordance with the terms of this Indenture and the other Project Agreements.

"2002 Expansion" means the expansion for which the Partnership filed an application with the FERC in Docket No. CP01-31-000 on November 15, 2000.

"Acceptable Letter of Credit" means an irrevocable standby letter of credit provided on behalf of an LTFT Shipper for the benefit of the Partnership with a stated amount equal, at any time, to one year's reservation charges due under the applicable LTFT Agreement and issued by a bank whose long-term unsecured and unguaranteed debt is rated at least "A" by S&P and "A2" by Moody's. Such letter of credit shall have a term of at least a year and shall be subject to draw if not renewed or replaced at the end of such term.

"Account Bank" has the meaning assigned to such term in the Collateral Agency Agreement.

"Act," when used with respect to any Holder, has the meaning specified in Section 1.4.

"Additional Senior Indebtedness" means Indebtedness of the Company or the Partnership for borrowed money ranking pari passu in right of payment with the Senior Debt. For the avoidance of doubt, any indebtedness incurred in respect of an Expansion and described in the proviso to the definition of Indebtedness shall not constitute Additional Senior Indebtedness until such time as it constitutes Indebtedness in accordance with the definition thereof and the Completion Guaranty in respect of such Expansion has been released.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Subordinated Debt" means Indebtedness of the Partnership held by any Partner or an Affiliate of any Partner and subordinated to the Senior Debt.

"Agency Agreement" means the agreement entered into on the Closing Date between the Company and the Partnership pursuant to which the Company agrees to act as agent for the Partnership with respect to the issuance of the Securities.

"Agent Member" has the meaning specified in Section 2.7(c)(v)(B).

"Applicable Procedures" has the meaning specified in Section 2.7(c)(v)(B).

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 5.12 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Authorized Agent" has the meaning specified in Section 5.12(a).

"Bankruptcy Code" means the United States Bankruptcy Code of 1978, as amended from time to time.

"Basic Agreements" means, collectively, this Indenture, the Securities and the Security Agreements.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which commercial banks in New York City or any other city in which the Trustee's

Corporate Trust Office, any Place of Payment or the Collateral Agent's principal office is located, are authorized or required to close.

"California Action Project" means the expansion for which the Partnership filed an application with the FERC in Docket No. CP01-106-000 on March 15, 2001.

"Capital Expenditures" means, for any period, expenditures (including, without limitation, the aggregate amount of Capital Lease Obligations incurred during such period) made by the Partnership to acquire or construct fixed assets, plant and equipment (including renewals improvements and replacements) during such period that in accordance with RAP are required to be capitalized on the Partnership's balance sheet.

"Capital Lease Obligations" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under RAP, and, for purposes of this Indenture the amount of such obligations shall be the capitalized amount thereof determined in accordance with RAP.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of corporate stock of, or partnership or other ownership interests in, such Person.

"Casualty Event" means, with respect to any Property of any Person, any event that causes all or a portion of such Property to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including, without limitation, any compulsory transfer or taking or transfer under threat of compulsory transfer or taking of any material part of such Property by any Governmental Authority.

"Catastrophic Loss" means any Casualty Event with respect to the Project for which the replacement value of the lost or damaged Property (as determined by the Executive Committee of the Partnership reasonably and in good faith) is greater than the greater of (x) 10% of the gross book value of the Partnership's plant, property and equipment, taken as a whole, and (y) $100,000,000, as Escalated.

"Clearstream" means Clearstream Banking, societe anonyme.

"Closing Date" means August 13, 2001.

"CO&M Agreement" means the Construction, Operation and Maintenance Agreement dated as of August 29, 1989, as amended, by and among MPOC, Mojave Pipeline and the Partnership under which MPOC operates the Common Facilities.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" has the meaning assigned to such term in the Collateral Agency Agreement.

"Collateral Agency Agreement" means the Collateral Agency Agreement dated as of the Closing Date by and among the Partnership, the Company, the Trustee and the Collateral Agent.

"Collateral Agent" means The Chase Manhattan Bank, in its capacity as Partnership Collateral Agent or Funding Collateral Agent under the Collateral Agency Agreement.

"Common Facilities" means the facilities from Daggett, California, to termination points in Kern County, California, consisting of approximately 219 miles of pipe jointly owned by the Partnership and Mojave Pipeline as tenants-in-common.

"Company" means Kern River Funding Corporation.

"Company Order" or "Company Request" means a written order or request signed in the name of the Company by the Chairman of the Board, a Vice Chairman of the Board, the President, a Vice President, the Treasurer or the Assistant Treasurer, and delivered to the Trustee.

"Company Security Agreement" means the Assignment of Contracts, Pledge and Security Agreement dated as of the Closing Date between the Company and the Collateral Agent.

"Completion" means, with respect to any Expansion, that (i) pursuant to FERC certificate compliance requirements and 18 C.F.R. Section 157.20(c)(3), the Partnership has filed with the FERC notice that such Expansion's facilities have been constructed and placed into service or that service has commenced on such facilities, (ii) pursuant to the LTFT Agreements entered into in connection with such Expansion, the Partnership may begin invoicing the applicable LTFT Shippers the full amount of their periodic reservation charge payments and (iii) the equity investment, if any, described in clause (z) of the proviso to the definition of Indebtedness and required so that the percentage of the costs of such Expansion that are financed with Indebtedness incurred by the Partnership does not exceed the Applicable Expansion Debt Level, has been contributed to the Partnership.

"Completion Guaranty" means, with respect to any Expansion, an unconditional undertaking by Williams, or another entity that has a public debt rating equal to

at least "BBB-" from S&P and "Baa3" from Moody's, that ensures Completion of such Expansion.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered which office as of the date of execution of this Indenture is located at 450 West 33rd Street, New York, NY 10001.

"Covenant Defeasance" has the meaning specified in Section 11.3.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Senior Debt Service (excluding the amount of the Final Principal Payment) for such period.

"Debt Service Letter of Credit" means one or more irrevocable, direct pay letters of credit issued by the Debt Service LOC Provider.

"Debt Service Letter of Credit Obligation" means all obligations of the Partnership under the Debt Service LOC Reimbursement Agreement including without limitation all obligations in respect of the Debt Service Letter of Credit, interest, principal in respect of any notes or bonds issued thereunder together with any obligation or indemnity for fees, expenses or damages.

"Debt Service LOC Account" means the special irrevocable collateral account and funds within such account, established and maintained pursuant to Section 7.1 of the Collateral Agency Agreement.

"Debt Service LOC Loan" means each loan made by a Debt Service LOC Provider to the Partnership pursuant to the Debt Service LOC Reimbursement Agreement.

"Debt Service LOC Provider" means the commercial banks or financial institutions issuing the Debt Service Letter of Credit.

"Debt Service LOC Reimbursement Agreement" means the Debt Service LOC Reimbursement Agreement, among the Partnership, the Company and the Debt Service LOC Provider, dated as of the Closing Date.

"Debt Service Payment Date" means the final day of each month, commencing on August 31, 2001, provided that payments in respect of principal on the Securities issued on the Closing Date will not commence until the Debt Service Payment Date occurring on January 31, 2002.

"Default" means an Event of Default or an event that with notice or lapse of time or both would become an Event of Default

"Defaulted Interest" has the meaning specified in Section 2.9.

"Defeasance" has the meaning specified in Section 11.2.

"Depository" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depository for such Securities as contemplated by Section 2.3.

"Determination Date" means the second Business Day prior to the Redemption Date.

"Distribution" means (a) all partnership distributions of the Partnership (in cash, property of the Partnership or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement or other acquisition by the Partnership of, any portion of any partnership interest in the Partnership, (b) all dividends (in cash, property or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement, or other acquisition of, any shares of any class of stock of the Company or of any warrant options or other rights to acquire the same, but excluding dividends payable solely in shares of common stock of the Company and (c) all payments (in cash, property of the Partnership or obligations) of principal of, interest on and other amounts with respect to, or other payments on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement or other acquisition by the Partnership of, any Affiliate Subordinated Debt.

"Dollars" and "$" means lawful money of the United States of America.

"Economic Make-Whole Premium" means,

(a) with respect to all of the Securities of any series, an amount calculated by the Company as of the second Business Day prior to the Redemption Date (the "Determination Date") of the Securities of such series as follows:

(i) the average life of the remaining scheduled payments of principal in respect of the Outstanding Securities (the "Remaining Average Life") shall be calculated as of the Redemption Date;

(ii) the yield to maturity shall be calculated for the United States Treasury security having an average life equal to the Remaining Average Life and trading in the secondary market at the price (on the Determination Date) closest to par (the "Primary Issue"); provided, however, that if no United States Treasury security has an average life equal to the Remaining Average Life, the yields (the "Other Yields') for the two maturities of the United States Treasury securities having average lives most closely corresponding to such Remaining Average Life and trading in the secondary market at the price (on the Determination Date) closest to par shall be calculated and the yield to maturity for the Primary Issue shall be the yield interpolated or extrapolated from such Other Yields on a straight-line basis, rounding in each of such relevant periods to the nearest month;

(iii) the discounted present value of the then remaining scheduled payments of principal and interest (but excluding that portion of any scheduled payment of interest that is actually due and paid on the Redemption Date) in respect of Outstanding Securities shall be calculated as of the Redemption Date using a discount factor equal to the sum of (a) the yield to maturity for the Primary Issue, plus (b) 50 basis points; and

(iv) the amount of premium in respect of Securities to be redeemed shall be an amount equal to (a) the discounted present value of such Securities to be redeemed determined in accordance with clause (iii) above minus (b) the unpaid principal amount of such Securities; provided, however, that the premium shall not be less than zero; and,

(b) with respect to any Security in any series, the amount obtained by multiplying (i) the aggregate Economic Make-Whole Premium determined as set forth above by (ii) the ratio of the Outstanding principal amount of such Security on the Redemption Date to the aggregate Outstanding principal amount of all Securities of such series on the Redemption Date.

"Environmental Laws" means any and all present and future federal, state, local and foreign laws, rules or regulations, and any orders or decrees in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of Hazardous Materials into the indoor or outdoor environment, including, without limitation, ambient air, soil surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Escalated" means, with respect to any amount and as at any date of determination, such amount as multiplied by a fraction (a) the numerator of which is the Consumer Price Index for All Urban Consumers (CPI/U), as published by the Bureau of

Statistics of the Department of Labor (or if the publication of such Consumer Price Index is discontinued, a comparable index similar in nature to the discontinued index which clearly reflects the change in the real value of the purchasing power of the Dollar (hereafter in this definition referred to as the "index")) reported for the calendar year immediately preceding such date and (b) the denominator of which is equal to the index reported for 2001, provided, however, that if an Escalation has to be determined in a particular year at a time prior to the time that such Consumer Price Index is published, the figure used immediately prior thereto shall be used.

"Euroclear" means Euroclear Bank, S.A./N.V., as operator of the Euroclear System, or any successor to Euroclear Bank, S.A./N.V., as operator thereof.

"Event of Default" has the meaning specified in Section 4.1.

"Exchange Act" means, the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

"Existing 144A Debt" means existing 144A indebtedness outstanding under the Trust Indenture, dated as of March 15, 1996, among Kern River Funding Corporation, as Issuer, Kern River Gas Transmission Company, as Guarantor, and The Chase Manhattan Bank (formerly called Chemical Bank) as Trustee.

"Expansion" means any capital investment project that (i) involves Capital Expenditures in excess of $100,000,000, as Escalated and (ii) increases the transportation capacity of the Pipeline by at least 100 MMcf per day.

"Expiration Date" has the meaning specified in Section 1.4.

"FERC" means the Federal Energy Regulatory Commission.

"Final Maturity Date" means, as at any date of determination, the latest Stated Maturity of any Security then Outstanding.

"Final Principal Payment" means the payment to be made in respect of principal of the Securities (established by the Partnership pursuant to Section 2.1 and issued on the Closing Date) on the Final Maturity Date with respect to such Securities.

"Fitch" means Fitch, Inc. and its successors.

"Global Security" means a Security that evidences all or part of the Securities of any series or tranche and bears the appropriate legend set forth in Exhibit A (or such legend as may be specified as contemplated by Section 2.2 for such Securities).

"Governmental Approval" means any authorization of or by, consent of, approval of, license from, ruling of, permit from, tariff by, rate of certification by, exemption from, filing with (except any filing relating to the perfection of security interests), variance from, claim of, order from, judgment from, decree of, publication to or by, notice to, declaration of or with or registration by or with any Governmental Authority.

"Governmental Authority" means any federal, state, municipal local, territorial or other government department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign.

"Governmental Rule" means any statute, law, regulation, ordinance, rule, final and nonappealable judgment, order, decree, permit, concession, grant, franchise, license, directive, guideline, policy, requirement, or other government restriction or any similar form of decision of or determination by, or any interpretation of any of the foregoing by, any Governmental Authority, whether now or hereafter in effect (including, without limitation, any Environmental Law).

"Gross Book Value" means, with respect to any Person, the gross book value of such Person's plant, property and equipment, taken as a whole.

"Guarantee" means a guarantee, an endorsement, a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, the Indebtedness, other obligations, net worth, working capital or earnings of any Person, or a guarantee of the payment of dividends or other distributions upon the stock or equity interests of any Person, or an agreement to purchase, sell or lease (as lessee or lessor) Property, products, materials, supplies or services primarily for the purpose of enabling a debtor to make payment of such debtor's obligations or an agreement to assure a creditor against loss, and including, without limitation, causing a bank or other financial institution to issue a letter of credit or other similar instrument for the benefit of another Person, but excluding endorsements for collection or deposit in the ordinary course of business. The terms "Guarantee" and "Guaranteed" used as a verb and the term "Guarantor" shall have correlative meanings.

"Hazardous Material" means, at any time, collectively, (a) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls, (b) any chemicals or other materials or substances that, at such time, become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," "pollutants" or words of similar import under any Environmental Law and (c) any other chemical or other material or substance, exposure to which, at such time, is prohibited, limited or contemplated under any Environmental Law.

"Holder" and "Securityholder" means a Person in whose name a Security is registered in the Security Register.

"Indebtedness" means, for any Person (without duplication) whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (a) every obligation of such Person for money borrowed, (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person, (d) every obligation of such Person issued or assumed as the deferred purchase price of Property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business), (e) every Capital Lease Obligation of such Person, (f) the maximum fixed redemption or repurchase price of Redeemable Stock of such Person, if any, at the time of determination plus accrued but unpaid dividends, (g) every obligation of such Person with respect to interest rate and currency hedging agreements, and (h) every obligation of the type referred to in clauses (a) through (g) of another Person and all dividends of another Person the payment of which, in either case, such Person has Guaranteed or is responsible or liable for, directly or indirectly, as obligor, Guarantor or otherwise; provided, however, that "Indebtedness" shall not include any indebtedness incurred with respect to an Expansion provided that, and only for so long as, (x) a Completion Guaranty with respect to such Expansion is in full force and effect, (y) the recourse of the holders of such indebtedness is limited as set forth in clause (b) of Section 8.20 and (z) the Partners are obligated under the terms of the financing for such Expansion to contribute equity upon Completion in an amount, if any, that, if such equity were contributed at the time such indebtedness was incurred and such indebtedness was included in the definition of Indebtedness, would enable the Partnership to satisfy the tests set forth in clause (a)(iv) of Section 8.9 and clause (c) of Section 8.20.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 2.3.

"Installment Security" means a Security, the principal of which is payable in installments.

"institutional accredited investors" has the meaning specified in Section 2.1.

"interest," when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Investment" by any Person means any direct or indirect loan, advance or other extension of credit or capital contribution to (by means of transfers of cash or other Property to others or payments for Property or services for the account or use of others, or otherwise), or purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities or evidence of Indebtedness issued by, any other Person, and any Capital Expenditures.

"Investment Company Act" means the Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

"Investment Grade" means with respect to any Person, that such Person's long-term senior unsecured debt is rated at least Baa3 by Moody's, BBB- by S&P, BBB (low) by Dominion Bond Rating Service, or B++ (low) by Canadian Bond Rating Service.

"KR Acquisition" means Kern River Acquisition, LLC, a subsidiary of Williams, and owner of a general partnership interest in the Partnership with WWPC.

"Lien" means, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes of this Indenture and the other Project Agreements, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Loss Proceeds Account" has the meaning assigned to such term in Section 3.1 of the Collateral Agency Agreement.

"LTFT Agreements" means those long-term firm gas transportation service agreements providing for the transportation of natural gas, entered into by and among the Partnership and the long-term firm transportation Shippers and includes, without limitation (i) any long-term firm transportation service agreements entered into in connection with an expansion of the Pipeline and (ii) any such agreement entered into after the Closing Date.

"LTFT Shipper" means a Shipper party to an LTFT Agreement.

"Mandatory Senior Debt Service" means, for any period, the sum of all scheduled interest premium (if any) and principal due and payable during such period in respect of all Senior Debt, provided that fees payable in connection with the issuance of any Additional Senior Indebtedness shall be excluded.

"Material Adverse Effect" means a material adverse effect on (a) the property, business, operations, financial condition, liabilities or capitalization of any of the Partnership or the Company, (b) the ability of either such Person to perform any of its payment obligations or any of its other material obligations under any of the Project Agreements to

which such Person is a party, (c) the validity or enforceability of any of the Project Agreements or the Senior Debt Agreements, unless immediately after giving effect to such adverse effect on validity or enforceability, there shall be No Ratings Downgrade, (d) the material rights and remedies of the Senior Party under any of the Senior Debt Agreements or (e) the timely payment of any principal of or interest on any of the Senior Debt.

"Material Loss" means any Casualty Event with respect to the Project for which the replacement value of the lost or damaged Property (as determined by the Executive Committee of the Partnership reasonably and in good faith) is (A) equal to or greater than the greater of (x) 2% of the Gross Book Value of the Partnership and (y) $10,000,000, as Escalated, and (B) less than the greater of (i) 10% of the Gross Book Value of the Partnership and (ii) $100,000,000, as Escalated.

"Maturity," when used with respect to any Security, means the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Mojave Pipeline" means Mojave Pipeline Company.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"MPOC" means the Mojave Pipeline Operating Company, an affiliate of Mojave Pipeline and operator of the Common Facilities.

"No Ratings Downgrade" means that the ratings on the Securities are reaffirmed as being equal to or higher than the rating on the Securities before the applicable event, by both of the Required Rating Agencies.

"Notice of Default" means a written notice of the kind specified in Section 5.2.

"NRSRO" means any Nationally Recognized Statistical Ratings Organization.

"Obligor" means, individually and collectively, the Partnership and the Company.

"Officer's Certificate" means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President, a Vice President, the Treasurer or the Assistant Treasurer of the Company or a Senior Officer of the Partnership, as applicable, and delivered to the Trustee.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Project Revenues received during such period over (b) all Operating Expenses paid during

such period other than any nonrecurring Operating Expenses incurred in connection with the issuance of any Additional Senior Indebtedness.

"Operating Expenses" means, for any period, the sum, computed without duplication, of all cash operating and maintenance expenses and required reserves in respect of such expenses of the Project including, without limitation, (a) expenses of administering and operating the Project and of maintaining it in good repair and operating condition payable by the Partnership during such period, (b) direct operating and maintenance costs of the Project (including, without limitation, all payments due and payable under the CO&M Agreement and any ground leases) payable by the Partnership during such period, (c) insurance costs payable by the Partnership during such period, (d) sales and excise taxes payable by the Partnership with respect to the transportation of natural gas during such period, (e) franchise taxes payable by the Partnership during such period, (f) federal, state and local income taxes payable by the Partnership, if any, during such period, (g) costs and fees attendant to the obtaining and maintaining in effect the government approvals payable by the Partnership during such period and (h) legal, accounting and other professional fees attendant to any of the foregoing items payable by the Partnership during such period. Operating Expenses excludes, to the extent otherwise included, depreciation and other non-cash expenditures for such period.

"Operative Agreements" means the LTFT Agreements, the Shipper Guarantees and the Partnership Guarantee.

"Opinion of Counsel" means a written opinion of counsel who may be in-house counsel for the Company or the Partnership, and who and which shall be reasonably acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 4.2.

"Outstanding," when used with respect to Securities, means, as of the date of determination, all Securities therefore authenticated and delivered under this Indenture, except:

(1) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment or redemption money in the necessary amount has been therefore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has

been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 11.2; and

(4) Securities which have been paid pursuant to Section 2.8 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 4.2, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 2.3, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 2.3, of the principal amount of such Security (or, in the case of a Security described in clause (A) or (B) above, of the amount determined as provided in such clause), and (D) Securities owned by the Obligors or any other obligor upon the Securities or any Affiliate of either Obligor or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not either of the Obligors or any other obligor upon the Securities or any Affiliate of either Obligor or of such other obligor.

"Partner Agreements" means the Partnership Agreement and the Purchase Agreement.

"Partners" means WWPC and KR Acquisition and such other Person or Persons as may become general partners of the Partnership from time to time.

"Partnership" means the Person named as the "Partnership" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Partnership' means such successor Person.

"Partnership Agreement" means the General Partnership Agreement, dated May 29, 1985 as amended, among Kern River Corporation, WWPC and KR Acquisition.

"Partnership Guarantee" means the Guarantee of the Partnership hereunder.

"Partnership Loan Agreement" means the loan agreement, dated as of the Closing Date, between the Partnership and the Company, pursuant to which the Company will lend the proceeds of the sale of the Securities to the Partnership.

"Partnership Loan" means the loan made by the Company to the Partnership from the proceeds of the sale of the Securities.

"Partnership Security Agreement" means the Assignment of Contracts, Pledge and Security Agreement dated as of the Closing Date between the Partnership and the Collateral Agent.

"Paying Agent" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company pursuant to Section 5.12.

"Peril" means, collectively, fire, lightning, flood, windstorm, hail, earthquake, explosion, vandalism and malicious mischief, damage from aircraft, vehicles and smoke.

"Permitted Investments" means:

(c) direct obligations of the United States of America, or of any agency or instrumentality thereof or obligations guaranteed or insured as to principal and interest by the United States of America or by any agency or instrumentality thereof in either case maturing not more than 365 days from the date of acquisition thereof, or

(d) commercial paper or bankers acceptances having (on the date of acquisition thereof) a rating from S&P of at least "A-1" or from Moody's of at least "P-1" (or an equivalent rating from another NRSRO if neither of such corporations is then in the business of rating commercial paper) maturing not more than 180 days from the date of acquisition thereof, or

(e) certificates of deposit and other time deposits issued by any bank or trust company having capital surplus and undivided profits of at least $500,000,000 whose long-term unsecured senior indebtedness is rated "A-" or better by S&P or "A-3" or better by

Moody's (or an equivalent rating from another NRSRO if neither of such corporations is then in the business of rating such obligations); or

(f) repurchase agreements with respect to (and secured by a pledge of) securities described in clause (a) above and entered into with any commercial bank described in clause (c) above or any securities broker-dealer of recognized national standing.

"Person" means any individual, corporation, company, voluntary association, partnership, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Pipeline" or "Project" means the 926 mile United States interstate pipeline system that transports natural gas produced in the Rocky Mountain areas to major gas consuming markets in Utah, Nevada and California with an approximate capacity of 700 Mmcf per day, plus the California Action Project and any expansions financed in whole or in part with Additional Senior Indebtedness.

"Place of Payment," when used with respect to the Securities of any series, means New York, New York, and the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 2.3.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.8 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Amount" means the principal sum of Dollars.

"Proceeds" means, in the case of any Casualty Event, the aggregate amount of proceeds of insurance, condemnation awards and other compensation received by the Partnership and the Company in respect of such Casualty Event, in each case net of reasonable expenses incurred by the Partnership and the Company in connection therewith and any income and transfer taxes payable by the Partnership or the Company in respect of such Casualty Event.

"Project Agreements" means the Operative Agreements, the Partnership Agreement and the CO&M Agreement.

"Project Revenues" means revenues received by the Partnership pursuant to the Operative Agreements.

"Projected Debt Service Coverage Ratio" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio for a period which includes, or consists entirely of, future periods, prepared by the Partnership in good faith based upon assumptions reasonably believed by the Partnership to be consistent in all material respects with the Transaction Agreements and the historical operating results of the Project as adjusted by reasonable assumptions as to future operating results including any changes in efficiency or capacity.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Purchase Agreement" means the Purchase Agreement, to be entered into on or about the Closing Date, between the initial purchasers of the Securities, the Company, the Partnership, and the Partners, providing for the sale of the Securities to the initial purchasers.

"QIB" has the meaning ascribed thereto in Rule 144A under the Securities Act.

"Qualified Transaction" means any transaction made in accordance with the following:

(a) with the prior written consent of the Required Senior Parties; or

(b) with respect to which the Partnership or the Company shall have obtained, and shall have delivered to the Collateral Agent a copy thereof certified by the Partnership or the Company, as applicable, the prior written affirmation from the Required Ratings Agencies that there is No Ratings Downgrade; provided, that, to the extent such Qualified Transaction involves a merger, consolidation or amalgamation of an Obligor, the successor in interest to such Obligor agrees to assume by an instrument in form satisfactory to the Required Senior Parties all obligations of such Obligor under the Indenture, pursuant to the Securities and pursuant to all other agreements entered into by such Obligor in connection with the offering of the Securities.

"Qualified Transferee" means any person that shall acquire after the Closing Date, directly or indirectly, ownership of membership interests in the Partnership so long as (i) such person has, or is controlled by a person that has, (a) significant experience in the business of owning and operating pipeline systems similar to the Pipeline and (b) a public debt rating equal to at least "BBB-" by S&P and "Baa3" by Moody's, (ii) after giving effect to such transfer, no Default or Event of Default shall have occurred and be continuing, and (iii) such transfer could not reasonably be expected to result in a Material Adverse Effect.

"RAP" means regulatory accounting principles as in effect in the United States from time to time.

"Rate Refund" means any refunds owed to Shippers or any other Person or tariffs charged to such Shippers by the Partnership during a pending FERC rate proceeding as determined by FERC pursuant to a Rate Review.

"Rate Review" means a FERC rate proceeding reviewing the tariff set by the Partnership for firm transportation services.

"Redeemable Stock" of any Person means any Capital Stock of such Person that by its terms or otherwise is required to be redeemed on or prior to the Final Maturity Date.

"Redemption Date," when used with respect to any Security to be redeemed, means the date set for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 2.3 (whether or not a Business Day).

"Regulation D" means Regulation D under the Securities Act and any successor thereto, in each case as amended from time to time.

"Regulation S" means Regulation S under the Securities Act and any successor thereto, in each case as amended from time to time.

"Regulation S Global Security" means the Temporary Regulation S Global Security or the Regulation S Unrestricted Global Security, as applicable.

"Regulation S Unrestricted Global Security" has the meaning specified in Section 2.1.

"Relevant Party" means the Partnership, the Company and the Partners.

"Repayment Period" means the one month period beginning with each Debt Service Payment Date and ending on the date immediately prior to the next Debt Service Payment Date.

"Required Amount Condition" means that any of (i) the undrawn available amount under the Debt Service Letter of Credit as in effect at the date of a proposed Distribution, (ii) the Partnership's unrestricted cash or (iii) the sum of (i) and (ii) equals the

aggregate of the Debt Service Payments due during the six Repayment Periods following the date of such proposed Distribution.

"Required Rating Agencies" means S&P and Moody's.

"Required Senior Parties" has the meaning assigned to such term in the Collateral Agency Agreement.

"Responsible Officer" when used with respect to the Trustee, means any officer within the Institutional Trust Services department (or any successor department or group) of the Trustee, including, without limitation, any senior trust officer, any trust officer, any vice president, any assistant vice president, any assistant secretary, or any assistant treasurer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Global Security" has the meaning specified in Section 2.1.

"Restricted Period" has the meaning specified in Section 2.1.

"Restricted Securities" has the meaning specified in Section 2.2.

"Rule 144A" means Rule 144A under the Securities Act and any rule or regulation successor thereto, in each case as amended from time to time.

"Rule 144A Information" has the meaning specified in Section 8.17.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, and its successors.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

"Security Agreements" means, collectively, the Collateral Agency Agreement, the Company Security Agreement and the Partnership Security Agreement.

"Securities Account" has the meaning assigned to such term in the Collateral Agency Agreement.

"Securities Percentage" means, at any date of determination, the ratio (expressed as a percentage) of (a) the aggregate Principal Amount of Securities Outstanding as at such date to (b) the sum of the then outstanding Senior Debt.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 2.7.

"Senior Debt" has the meaning assigned to such term in the Collateral Agency Agreement.

"Senior Debt Agreements" has the meaning assigned to such term in the Collateral Agency Agreement.

"Senior Officer" means (a) with respect to the Partnership, the President, any Vice President, Treasurer or Assistant Treasurer of the Partnership or any Partner and any other individual who is directly responsible for the general oversight and management of the business of the Partnership designated in writing to the Trustee by a Senior Officer of the Partnership and (b) with respect to the Company, the Chairman of the Board, President, any Vice President, the Treasurer or Assistant Treasurer of the Company and any other individual who is directly responsible for the general oversight and management of the business of the Company designated in writing to the Trustee by a Senior Officer of the Company.

"Senior Parties" has the meaning assigned to such term in the Collateral Agency Agreement.

"Shipper Guarantees" means those agreements providing financial and performance guarantees to certain of the long-term firm transportation Shippers.

"Shippers" means those Persons party to the Transportation Service Agreements with the Partnership.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Company pursuant to Section 2.9.

"Stated Maturity," when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity

(irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"Surrendered Securities" has the meaning specified in Exhibit D attached hereto.

"Temporary Regulation S Global Security" has the meaning specified in Section 2.1.

"Total Capitalization"shall mean, with respect to any Person, the sum, without duplication, of (i) total common stock equity or analogous ownership interests of such Person, (ii) preferred stock and preferred securities of such Person, (iii) additional paid-in capital or analogous interest of such Person, (iv) retained earnings of such Person and (v) the aggregate principal amount of Indebtedness of such Person then outstanding.

"Transaction Agreements" means, collectively, the Senior Debt Agreements, the Project Agreements and the Security Agreements.

"Transfer" means any (a) direct or indirect sale, pledge, lease, assignment, transfer, merger, dissolution or other disposition effecting a transfer of any of a Partner's partnership interest in the Partnership or (b) a dissolution, wind-up, liquidation or other termination of the existence of the Partnership.

"Transfer Certificate" means a certificate in the form of Exhibits B, C and D, as applicable.

"Transferor" has the meaning specified in Exhibits B-E.

"Transportation Service Agreements" means those shipper contracts pursuant to which the Partnership provides for the transportation of natural gas for the Shippers.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and the "Trustee" means or includes each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series means the Trustee with respect to Securities of that series.

"U.S. Government Obligation" has the meaning specified in Section 11.4.

"Vice President," when used with respect to the Company means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Wholly Owned Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

"Williams" means The Williams Companies, Inc.

"WWPC" means Williams Western Pipeline Company, LLC, a subsidiary of Williams and owner of a general partnership interest in the Partnership with KR Acquisition.

SECTION 1.2. Compliance Certificates and Opinions. Upon any application or request by the Company or the Partnership to the Trustee to take any action under any provision of this Indenture, the Company or the Partnership, as the case may be, shall furnish to the Trustee such certificates and opinions as may be reasonably requested by the Trustee. Each such certificate or opinion shall be given in the form of an Officer's Certificate, if to be given by an officer of the Company or a Senior Officer of the Partnership, as the case may be, or an Opinion of Counsel, if to be given by counsel and shall satisfy the requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based,

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.3. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company or of the Partnership may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or a Senior Officer of the Partnership, as the case may be, stating that the information with respect to such factual matters is in the possession of the Company or the Partnership, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.4. Acts of Holders; Record Dates. Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company and the Partnership. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 5.1) conclusive in favor of the Trustee, the Company and the Partnership, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the

Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company or the Partnership in reliance thereon, whether or not notation of such action is made upon such Security.

The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the Company may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take or revoke the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date (as defined below) by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any declaration of acceleration referred to in Section 4.2, (ii) any request to institute proceedings referred to in Section 4.7(b) or (iii) any direction referred to in Section 4.12, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such declaration, request or direction or any revocation thereof, whether or not such Holders remain Holders after such record date;

provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.

With respect to any record date set pursuant to this Section 1.4, the party hereto which sets such record date may designate any day as the "Expiration Date" and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other parties hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the Principal Amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION 1.5. Notices, Etc., to Trustee, Company and Partnership. Any request demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(a) the Trustee by any Holder, by the Company or by the Partnership shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, 450 West 33rd Street, 15th Floor, New York, NY, 10001, Attention: Institutional Trust Services, or

(b) the Company by the Trustee, by any Holder or by the Partnership shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company at One Williams Center,

Tulsa, Oklahoma, 74102, Attention: Treasurer or at any other address previously furnished in writing to the Trustee and the Partnership, or

(c) the Partnership by the Trustee, by any Holder or by the Company shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Partnership at 295 Chipeta Way, Salt Lake City, Utah, 84108, Attention: General Counsel or at any other address previously furnished in writing to the Trustee and the Company.

SECTION 1.6. Notice to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 1.7. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.8. Successors and Assigns. All covenants and agreements in this Indenture by the Obligors shall bind their successors and assigns, whether so expressed or not.

SECTION 1.9. Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.10. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.11. Governing Law. This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles thereof relating to conflicts of law except Section 5-1401 of the New York General Obligation Law.

SECTION 1.12. Legal Holidays. In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section 1.12)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date or at the Stated Maturity, and no interest shall accrue on such payment for the period from and after such date.

SECTION 1.13. Counterparts. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.14. Agency. In executing the Securities and this Indenture, the Company will be acting both as principal and as agent for the Partnership to the extent of the Partnership's obligations under the Indenture. As used in this Indenture, references to the "Company" shall be interpreted to include the Company in its capacity as principal and the Company in its capacity as agent pursuant to the Agency Agreement.

ARTICLE 2

THE SECURITIES

SECTION 2.1. Forms Generally. The Securities of each series shall be in substantially the form set forth in Exhibit A or in such other form as shall, subject to Section 2.5, be established by or pursuant to an Officer's Certificate or in one or more indentures supplemental hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depository therefor or as may, consistently herewith, be determined by the officers executing such Securities as evidenced by their execution thereof.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Except as otherwise provided pursuant to Section 2.3, Restricted Securities shall bear the applicable legends as set forth in Exhibit A and as provided in Section 2.2 and Installment Securities shall bear the following legend:

"THIS SECURITY IS AN INSTALLMENT SECURITY (AS DEFINED IN THE INDENTURE HEREINAFTER REFERRED TO). ACCORDINGLY, THE FACE AMOUNT HEREOF MAY EXCEED THE UNPAID PRINCIPAL AMOUNT HEREOF AND ANY TRANSFEREE OF THIS SECURITY MAY NOT RELY ON THE FACE

AMOUNT HEREOF AS EVIDENCE OF THE AMOUNT DUE AND OWING ON THIS SECURITY BUT IS ADVISED TO DETERMINE SUCH UNPAID PRINCIPAL AMOUNT FROM THE RECORDS OF THE COMPANY OR ITS PAYING AGENT."

and shall set forth either on the face or the reverse thereof or, if a Global Security, on a schedule attached thereto, such Security's schedule of principal installments.

Except as otherwise provided pursuant to Section 2.3, Securities of any series offered and sold in their initial distribution in reliance on Rule 144A shall be issued in the form of one or more Global Securities of such series (each a "Restricted Global Security") in definitive, fully registered form without interest coupons, substantially in the form set forth in Exhibit A, or in such other form as shall, subject to Section 2.5, be established by or pursuant to an Officer's Certificate or in one or more indentures supplemental hereto, with such applicable legends as are provided for in Exhibit A. Such Global Securities shall be registered in the name of the Depository for such Global Securities or its nominee and deposited with the Trustee, at its Corporate Trust Office, as custodian for such Depository, duly executed on behalf of the Company and authenticated by the Trustee as herein provided. The aggregate principal amount of any Restricted Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository for such Global Security, as provided in Section 2.7, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Securities. Except as otherwise provided pursuant to Section 2.3 or agreed by the Company, no Restricted Global Security shall be issued except as provided in this paragraph to evidence Securities offered and sold in their initial distribution in reliance on Rule 144A.

Except as otherwise provided pursuant to Section 2.3, Securities of any series offered and sold in their initial distribution in reliance on Regulation S under the Securities Act shall be issued initially in the form of one or more temporary global Securities (a "Temporary Regulation S Global Security") of such series in definitive, fully registered form without interest coupons, substantially in the form set forth in Exhibit A, or in such other form as shall, subject to Section 2.5, be established by or pursuant to an Officer's Certificate or in one or more indentures supplemental hereto, with such applicable legends as are provided for in Exhibit A. Such Temporary Regulation S Global Securities shall be issued to the Depository and registered in the name of the Depository for such Global Securities or its nominee and deposited with the Trustee, at its Corporate Trust Office, as custodian for such Depository, duly executed by the Company and authenticated by the Trustee as herein provided, for credit to the respective accounts of beneficial owners of such Securities (or to such other accounts as they may direct) at Euroclear Bank, S.A./N.V., as operator of Euroclear or Clearstream. Beneficial interests in any Temporary Regulation S Global Security may be held only through Euroclear or Clearstream. Within a reasonable period of time after the expiration of the 40-day restricted period (within the meaning of Rule 903(c)(3) of Regulation S under the Securities Act) (the "Restricted Period"), any Temporary Regulation S Global Security will be exchanged for a permanent Regulation S Global

Security (the "Regulation S Unrestricted Global Security," together with the Temporary Regulation S Global Security, the "Regulation S Global Security") substantially in the form set forth in Exhibit A with such applicable legends as are provided for in Exhibit A, but without the Restricted Securities Legend set forth in Exhibit A upon delivery to the Depository of certification of non-United States ownership and compliance with Regulation S under the Securities Act. The Regulation S Unrestricted Global Security will be deposited with the Trustee at its Corporate Trust Office, as custodian for the Depository and registered in the name of the nominee of the Depository. Clearstream and Euroclear will hold beneficial interests in the Regulation S Unrestricted Global Security on behalf of their participants through their respective depositories, which in turn will hold such beneficial interests in the Regulation S Unrestricted Global Security in participants' securities accounts in the depositories' names on the books of the Depository. The aggregate principal amount of any Temporary Regulation S Global Security and any Regulation S Unrestricted Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository for such Global Security, as provided in Section 2.7, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Security. As used herein, the term "Restricted Period," with respect to Global Securities of any series (or of any identifiable tranche of any series) offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later of (i) the day on which the Securities of such series (or tranche) are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S (according to a notice to the Company and the Trustee by the underwriter(s), if any, of the offering of such Securities) and (ii) the date of the closing of the offering. Except as otherwise provided pursuant to Section 2.3 or agreed by the Company, no Temporary Regulation S Global Security or Regulation S Unrestricted Global Security shall be issued except as provided in this paragraph to evidence Securities offered and sold in their initial distribution in reliance on Regulation S under the Securities Act.

Except as otherwise provided pursuant to Section 2.3, Securities of any series offered and sold in their initial distribution to a limited number of institutions that are accredited investors (which are not qualified institutional buyers, as defined under Rule 144A) within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act (and institutions in which all the equity owners are such accredited investors) (together referred to as "institutional accredited investors") in transactions exempt from registration under the Securities Act shall be issued in definitive, fully registered form without interest coupons, substantially in the form set forth in Exhibit A, with such applicable legends as are provided for in Exhibit A. Such Securities shall be delivered to such institutional accredited investors only upon the execution and delivery to the Company and the underwriter(s), if any, of the offering of such Securities of a purchaser's letter, substantially in the form set forth in Exhibit E. Such Securities may not be exchanged for interests in a Global Security except as provided in Section 2.7(c)(v)(E).

SECTION 2.2. Legends on Restricted Securities. Except as otherwise provided pursuant to Section 2.3, all Securities of any series (or any identifiable tranche of any series) issued pursuant to this Indenture (including Securities issued upon registration of transfer, in exchange for or in lieu of such Securities) shall be "Restricted Securities," and shall bear the applicable legend(s) setting forth restrictions on transfer provided in Exhibit A; provided, however, that the term "Restricted Securities" shall not include (i) Temporary Regulation S Global Securities or Regulation S Unrestricted Global Securities, (ii) Securities as to which such restrictive legend(s) shall have been removed pursuant to Section 2.7 and (iii) Securities issued upon registration of transfer of, in exchange for, or in lieu of, Securities that are not Restricted Securities.

SECTION 2.3. Amount Unlimited; Issuable in Series. Subject to the provisions of Section 8.9, the aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established, subject to Section 2.5, by or pursuant to an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(a) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(b) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.6, 2.7, 2.8 or 9.7 and except for any Securities which pursuant to Section 2.5, are deemed never to have been authenticated and delivered hereunder);

(c) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(d) the date or dates on which the principal of any Securities of the series is payable and whether such Securities shall constitute Installment Securities;

(e) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any such interest payable on any interest payment;

(f) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;

(g) the period or periods within which, the price or prices at which, and the terms and conditions upon which, any Securities of the series may be redeemed, in whole or in part, at the option of the Company and the manner in which any election by the Company to redeem the Securities shall be evidenced;

(h) the obligation, if any, of the Company to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(i) whether the Securities of the series shall initially be represented by Global Securities or definitive Securities and, if other than denominations of $100,000 and any integral multiple of $1,000 in excess thereof, the denominations in which any Securities of the series shall be issuable;

(j) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula or other measure, the manner in which such amounts shall be determined;

(k) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "Outstanding" in Section 1.1;

(l) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(m) if other than the entire Principal Amount thereof, the portion of the Principal Amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 4.2;

(n) if the Principal Amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the Principal Amount of such Securities as of any such date for any purpose thereunder or hereunder, including the Principal Amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be

deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the Principal Amount shall be determined);

(o) if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 11.2 or 11.3 or both such Sections and the manner in which any election by the Company to defease such Securities shall be evidenced;

(p) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Exhibit A or pursuant to Section 2.2 and any circumstances in addition to or in lieu of those set forth in Section 2.7 in which any such Global Security may be exchanged in whole or in part for Securities registered and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depository for such Global Security or a nominee thereof,

(q) the form of any legend(s) which shall be borne by any Restricted Securities in addition to or in lieu of that set forth in Exhibit A, any circumstances in addition to or in lieu of those set forth in Section 2.7 in which such legend(s) may be removed or modified, and any circumstances in addition to or in lieu of those set forth in Section 2.7 in which Restricted Securities may be registered for transfer or may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in a Global Security and any related certificates in addition to or in lieu of those set forth in Section 2.13;

(r) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 4.2;

(s) any addition to a change in the covenants set forth in Article 8 which applies to Securities of the series: and

(t) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 7.1(e)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided by or pursuant to the Officer's Certificate referred to above or in any such indenture supplemental hereto.

SECTION 2.4. Denominations. The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 2.3. In the absence of any such specified denomination with

respect to the Securities of any series pursuant to Section 2.3, the Securities of such series shall be issuable in denominations of $100,000 and any integral multiple of $1,000 in excess thereof. The denomination of an Installment Security shall be deemed to be the Dollar amount set forth on the face thereof and not the unpaid Principal Amount thereof. The Dollar amount set forth on the face of an Installment Security shall be the Principal Amount of such Security (or any Predecessor Security) upon the original issuance thereof.

SECTION 2.5. Execution, Authentication, Delivery and Dating. The Securities shall be executed on behalf of the Company by a Senior Officer of the Company and on behalf of the Partnership by a Senior Officer of the Partnership. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signature of individuals who were at the time of execution the Senior Officers of the Company or the Partnership shall bind the Company or the Partnership, as the case may be, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to an Officer's Certificate as permitted by Sections 2.1 and 2.3, in authenticating such Securities, and accepting any additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 5.1) shall be fully protected in relying upon, an Opinion of Counsel stating,

(a) that such form has been established in conformity with the provisions of this Indenture;

(b) that such terms have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms (subject to customary qualifications or exceptions).

The Trustee shall also be entitled to receive an Officer's Certificate of each of the Company and the Partnership stating that, immediately after the authentication and delivery of such Securities, no Default or Event of Default will have occurred.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 2.3 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 2.3 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 2.1, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 2.6. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Company executing the same may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series of any authorized denominations and of like tenor and aggregate principal amount.

Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

SECTION 2.7. Registration, Registration of Transfer and Exchange.

(a) General. The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office or in any other office or agency of the Company in a Place of Payment being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Notwithstanding anything to the contrary set forth herein, the Trustee shall not be required and shall have no obligation to monitor compliance with any federal or state securities laws.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of Transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of Transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of

transfer or exchange of Securities, other than exchanges pursuant to Section 2.6, 7.5 or 9.7 not involving any transfer.

If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Company shall not be required (A) to issue, register the Transfer of, or exchange, any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 9.3 and ending at the close of business on the day of such mailing or (B) to register the Transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(b) Restricted Securities. Every Restricted Security shall be subject to the restrictions on offers provided in the applicable legend(s) required to be set forth on the face of each Restricted Security pursuant to Exhibit A and Section 2.2 or as provided pursuant to Section 2.3, unless such restrictions on transfer shall be waived by the written consent of the Company, and the Holder of each Restricted Security, by such Holder's acceptance thereof, agrees to be bound by such restrictions on transfer. Whenever any Restricted Security is presented or surrendered for registration of transfer or for exchange for a Security registered in a name other than that of the Holder, such Restricted Security must be accompanied by an appropriately completed certificate in substantially the form set forth in or contemplated by Section 2.13(d) (which may be attached to or set forth in the Restricted Security), appropriately completed, dated the date of such surrender and signed by the Holder of such Restricted Security, as to compliance with such restrictions on transfer, unless the Company shall have notified the Trustee pursuant to this Section 2.7 that there is an effective registration statement under the Securities Act with respect to such Restricted Security. The Security Registrar shall not be required to accept for such registration of transfer or exchange any Restricted Security not so accompanied by a properly completed certificate.

Except as otherwise provided in the preceding paragraph or pursuant to Section 2.3, if Securities are issued upon the transfer, exchange or replacement of Securities bearing a legend or legends setting forth restrictions on transfer, or if a request is made to remove such legend(s) on a Security, the Securities so issued shall bear such legend(s) or such legend(s) shall not be removed, as the case may be, unless the transferor delivers to the Company such satisfactory evidence (which may include an opinion of independent counsel experienced in matters of United States securities law as may be reasonably satisfactory to the Company), as may be reasonably required by the Company, that neither such legend(s) nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 or Regulation S under the Securities Act or that such Securities are not "Restricted Securities" within the meaning of Rule 144 under the Securities Act. Upon provision of such satisfactory evidence to the Company, the Trustee, at the written direction of the Company set forth in an Officer's Certificate, shall authenticate and deliver a Security that does not bear such legend(s). In the absence of bad faith on its part, the Trustee

may conclusively rely upon such direction of the Company in authenticating and delivering a Security that does not bear such legend(s).

Upon registration of Transfer of or exchange of Securities that are no longer Restricted Securities, the Company shall execute, and the Trustee shall authenticate and deliver, a Security that does not bear restrictive legends.

As used in this Section 2.7(b), the term "Transfer" encompasses any sale, pledge or other transfer of any Securities referred to herein.

(c) Global Securities. Except as otherwise provided pursuant to Section 2.3, this Section 2.7(c) shall apply to Global Securities.

(i) Each Global Security authenticated under this Indenture shall be registered in the name of the Depository designated for such Global Security or a nominee thereof and delivered to such Depository or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture. The Securities of each series may be represented by one or more Global Securities, and such Global Securities may be Restricted Global Securities, Temporary Regulation S Global Securities or Regulation S Unrestricted Global Securities, or any combination thereof.

(ii) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be in the name of any Person other than the Depository for such Global Security or a nominee thereof unless (A) such Depository (1) has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or (2) has ceased to be a clearing agency registered under the Exchange Act, and, in either case, a successor Depository is not appointed within 90 days thereof, (B) the Company executes and delivers to the Trustee a Company Order providing that such Global Security shall be so transferable, registrable and exchangeable, (C) there shall have occurred and be continuing an Event of Default with respect to the Securities of such series or (D) there shall exist such circumstances if any, in addition to or in lieu of the foregoing as have been specified for this purpose by Section 2.3. Any Global Security exchanged pursuant to subclause (A) above shall be so exchanged in whole and not in part and any Global Security exchanged pursuant to subclause (B), (C) or (D) above may be exchanged in whole or from time to time in part as directed by the Depository for such Global Security. Notwithstanding any other provision in this Indenture, a Global Security to which the restriction set forth in the second preceding sentence shall have ceased to apply may be transferred only to, and may be registered and exchanged for Securities registered only in the name or names of, such Person or Persons as the Depository for

such Global Security shall have directed and no transfer thereof other than such a transfer may be registered.

(iii) Subject to clause (ii) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such name or names as the Depository for such Global Security shall direct.

(iv) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section 2.7, Section 2.6, 2.9 or 9.7 or otherwise shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depository for such Global Security or a nominee thereof.

(v) Except as otherwise provided pursuant to Section 2.3, notwithstanding any other provision of this Indenture or of the Securities, transfers of interests in a Global Security of the kind described in Section 2.1 and in subclauses (B), (C), (D) and (E) of this clause (v) below shall be made only in accordance with this clause (v), and all transfers of an interest in a Temporary Regulation S Global Security shall comply with subclause (G) of this clause (v). The provisions of this clause (v) providing for transfers of Securities of a series or beneficial interests in Global Securities of such series to Persons who wish to take delivery in the form of beneficial interests in a Restricted Global Security, Temporary Regulation S Global Security or Regulation S Unrestricted Global Security shall only apply if there is a Restricted Global Security, Temporary Regulation S Global Security or Regulation S Unrestricted Global Security, as the case may be, for such series.

(A) Transfer of Global Security. A Global Security may not be transferred, in whole or in part to any Person other than the Depository or a nominee thereof, and no such transfer to any such other Person may be registered; provided that this subclause (A) shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture or the Securities unless and until such Security has been registered in the name of such Person. Nothing in this Section 2.7 shall prohibit or render ineffective any transfer of a beneficial interest in a Global Security effected in accordance with the other provisions of this Section 2.7(c)(v).

(B) Restricted Global Security to Regulation S Global Security. If the holder of a beneficial interest in a Restricted Global Security wishes at any time to transfer such interest to a person who wishes to take

delivery thereof in the form of a beneficial interest in a Regulation S Global Security, such transfer may be effected, subject to the rules and procedures of the Depository for such Global Security, Euroclear and Clearstream, in each case to the extent applicable (the "Applicable Procedures"), only in accordance with the provisions of this Section 2.7(c)(v)(B). Upon receipt by the Trustee, as Security Registrar, at the Corporate Trust Office of (1) written instructions given in accordance with the Applicable Procedures from a member of, or participant in, the Depository for such Global Security (each, an "Agent Member") directing the Trustee to credit or cause to be credited to a specified Agent Member's account a beneficial interest in a Regulation S Global Security in a principal amount equal to that of the beneficial interest in the Restricted Global Security to be so transferred, (2) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Agent Member to be debited for, such beneficial interest and (3) an appropriately completed certificate in substantially the form set forth in or contemplated by Section 2.13(a) given by the holder of such beneficial interest, the Trustee, as Security Registrar, shall instruct the Depository for such Securities to reduce the principal amount of the Restricted Global Security, and to increase the principal amount of the Regulation S Global Security, by the principal amount of the beneficial interest in the Restricted Global Security to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Agent Member for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Regulation S Global Security having a principal amount equal to the amount by which the principal amount of the Restricted Global Security was reduced upon such transfer.

(C) [Intentionally Omitted]

(D) Regulation S Global Security to Restricted Global Security. If the holder of a beneficial interest in a Regulation S Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Global Security, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 2.7(c)(v)(D). Upon receipt by the Trustee, as Security Registrar, at the Corporate Trust Office of (1) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Trustee, as Security Registrar, to credit or cause to be credited to a specified Agent Member's account a beneficial interest in the Restricted Global Security equal to that of the beneficial interest in the Regulation S Global Security to be so transferred, (2) a written order given in

accordance with the Applicable Procedures containing information regarding the account of the Agent Member to be credited with, and the account of the Agent Member (or, if such account is held for Euroclear or Clearstream, the Euroclear or Clearstream account, as the case may be) to be debited for, such beneficial interest and (3) with respect to a transfer of a beneficial interest in the Regulation S Global Security, an appropriately completed certificate in substantially the form set forth in or contemplated by Section 2.13(c) given by the holder of such beneficial interest, the Trustee, as Security Registrar, shall instruct the Depository for such Securities to reduce the principal amount of the Regulation S Global Security and to increase the principal amount of the Restricted Global Security, by the principal amount of the beneficial interest in the Regulation S Global Security to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Restricted Global Security having a principal amount equal to the amount by which the principal amount of the Regulation S Global Security was reduced upon such transfer.

(E) Restricted Security (other than a Restricted Global Security) to Global Security. If the Holder of a Restricted Security (other than a Restricted Global Security) wishes at any time to transfer such Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Global Security or an Unrestricted Global Security, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 2.7(c)(v)(E). Upon receipt by the Trustee, as Security Registrar, at the Corporate Trust Office of (1) the Restricted Security to be transferred, (2) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Trustee to credit or cause to be credited to a specified Agent Member's account a beneficial interest in the Restricted Global Security or the Unrestricted Global Security, as the case may be, in a principal amount equal to the principal amount of the Restricted Security to be so transferred (3) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and, in the case of any Transfer pursuant to Regulation S, the Euroclear or Clearstream account for which such Agent Member's account is held or, if such account is held for Euroclear or Clearstream, the Euroclear or Clearstream account, as the case may be) to be credited with such beneficial interest and (4) an appropriately completed certificate in substantially the form set forth in or contemplated by Section 2.13(d) (which may be attached to or set forth in the Restricted Security), the Trustee, as Security Registrar, shall cancel the Restricted Security, the Company shall execute, and the Trustee shall authenticate and deliver, a new definitive Security for the principal amount, if any, of the Restricted Security not so transferred, registered in the name of the Holder transferring such Restricted

Security, and the Trustee shall instruct the Depository for such Securities to increase the principal amount of the Restricted Global Security or the Unrestricted Global Security, as the case may be, by the principal amount of the Restricted Security so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which, in the case of any increase of the principal amount of an Unrestricted Global Security as the result of a Transfer pursuant to Regulation S, shall be the Agent Member for Euroclear or Clearstream or both, as the case may be) a corresponding principal amount of the Restricted Global Security or the Unrestricted Global Security. The transfer of a Restricted Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Global Security other than a Restricted Global Security may be effected only in accordance with Regulation S or Rule 144A under the Securities Act (as evidenced by the certificate delivered pursuant to Section 2.13(d)).

(F) Other Exchanges. In the event that a Global Security or any portion thereof is exchanged for Securities other than Global Securities, the Trustee, as Security Registrar, shall instruct the Depository for the Global Security to reduce the principal amount of the Global Security by the principal amount of the Securities other than Global Securities issued upon such exchange. Such other Securities may in turn be exchanged (on transfer or otherwise) for beneficial interests in a Global Security (if any are then outstanding) only in accordance with such procedures, which shall be substantially consistent with the provisions of subclauses (A) through (E) above (including the certification requirements intended to insure that transfers of beneficial interests in a Global Security comply with Rule 144A, Rule 144 or Regulation S under the Securities Act, as the case may be) and any other procedures as may be from time to time adopted by the Company and the Trustee.

(G) Interests in Temporary Regulation S Global Security to be Held Through Euroclear or Clearstream. Until the termination of the Restricted Period with respect to Securities of a series, interests in any Temporary Regulation S Global Security of such series may be held only through Agent Members acting for and on behalf of Euroclear and Clearstream, provided that this subclause (G) shall not prohibit any transfer in accordance with subclause (D) of this Section 2.7(c)(v).

SECTION 2.8. Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security is surrendered to the Trustee, the Company shall execute and, upon the Company's request, the Trustee shall authenticate and deliver a new definitive Security, of like tenor and aggregate principal amount and equal face amount of principal, registered in the same manner, dated the date of its authentication and bearing interest from the date to which

interest has been paid on such Security, in exchange and substitution for such Security (upon surrender and cancellation thereof); provided, that the applicant for such new Security shall furnish to the Company and to the Trustee such reasonable security or indemnity as may be required by them to save each of them harmless.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the destruction, loss or theft of any Security and (b) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and, upon the Company's request, the Trustee shall authenticate and deliver a new definitive Security, of like tenor and aggregate principal amount and equal face amount of principal registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such Security, in lieu of and substitution for such Security.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security (without surrender thereof, except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and the Trustee such reasonable security or indemnity as they may require to save each of them harmless, and in case of destruction, loss or theft, evidence to the satisfaction of the Company and the Trustee of the destruction, loss or theft of such Security.

Upon the issuance of any new Security under this Section 2.8, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section 2.8 in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section 2.8 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 2.9. Payments; Interest Rights Preserved. Except as otherwise provided as contemplated by Section 2.3 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more

Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable; but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be set in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause (a) provided. Thereupon, the Company shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly, in the name and at the expense of the Company, cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 1.6, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause (b), such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.9, each Security delivered under this Indenture upon registration of transfer of, or in exchange for, or in lieu of, any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Except as otherwise specified as contemplated by Section 2.3 for the Securities of any series, all payments of principal, premium, if any, and interest on Securities of such series will be made by check drawn on a bank in The City of New York or, for a Holder of at least $1,000,000 in initial aggregate principal amount of Securities of such series, by wire transfer to an account maintained by the payee with a bank in The City of New York, provided that a written request from such Holder to such effect designating such account is received by the Trustee no later than the thirtieth day immediately preceding the date of payment. Unless such designation is revoked in writing, any designation made by such Holder with respect to such Securities will remain in effect with respect to any future payments with respect to such Securities payable to such Holder. The Company will indemnify and hold the Trustee harmless against any loss, liability or expense (including attorneys' fees) resulting from any act or omission to act on the part of the Trustee or any such Holder in connection with any such designation or which the Paying Agent or Trustee may incur as a result of making any payment in accordance with any such designation.

Except as otherwise specified as contemplated by Section 2.3, all payments of principal and premium, if any, on the Securities of any series (other than installments of principal due with respect to Installment Securities prior to the Maturity thereof) shall be made upon presentation and surrender thereof at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York.

SECTION 2.10. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee shall treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 2.9) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 2.11. Cancellation. All Securities surrendered for payment, redemption, registration of transfer or exchange, or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee for cancellation) any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 2.11, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of as directed by a Company Order.

SECTION 2.12. Computation of Interest. Except as otherwise specified as contemplated by Section 2.3 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.13. Certification Forms.

(a) Except as otherwise specified as contemplated by Section 2.3 for the Securities of any series, whenever any certification is to be given by a beneficial owner of a portion of a Restricted Global Security pursuant to Section 2.7(c)(v)(B) in connection with the initial transfer of a beneficial interest in a Restricted Global Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Global Security, such certification shall be provided substantially in the form set forth in Exhibit B hereto, with only such changes as shall be approved in writing by the Company and the lead underwriters or purchasers, if any, of the initial offering of such Securities being transferred.

(b) INTENTIONALLY OMITTED.

(c) Except as otherwise specified as contemplated by Section 2.3 for the Securities of any series, whenever any certification is to be given by a beneficial owner of a portion of a Regulation S Global Security pursuant to Section 2.7(c)(v)(D) in connection with the initial transfer of a beneficial interest in the Regulation S Global Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Restricted Global Security, such certification shall be provided substantially in the form set forth in Exhibit C hereto, with only such changes as may be approved in writing by the Company and the lead underwriters or purchasers, if any, of the initial offering of such Securities being transferred.

(d) Except as otherwise specified as contemplated by Section 2.3 for the Securities of any series, whenever any certification is to be given by a beneficial owner of a Restricted Security pursuant to Section 2.7(b) or 2.7(c)(v)(E) in connection with the transfer or exchange of a Restricted Security, such certification shall be provided substantially in the form set forth in Exhibit D (which may be attached to or set forth on the Restricted Security), with only such changes as may be approved in writing by the Company and the lead underwriters or purchasers, if any, of the initial offering of such Securities being transferred.

SECTION 2.14. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" or"ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" or "ISIN" numbers in notices of redemption as a convenience to Holders; provided that the Trustee shall assume no responsibility for the accuracy of such numbers and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE 3

SATISFACTION AND DISCHARGE

SECTION 3.1. Satisfaction and Discharge of Indenture. This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the

Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either:

(i) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.8 and (B) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 8.4) have been delivered to the Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation

(1) have become due and payable, or

(2) will become due and payable at their Stated Maturity within one year, or

(3) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of irrevocable notice of redemption by the Trustee in the name, and at the expense of the Company,

and the Company, in the case of (1), (2) or (3) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for and dedicated solely to, the benefits of the Holders of such Securities, money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company, and

(c) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company and the Partnership (through Section 12.1) to the Trustee under Section 5.7 and, if money shall have been deposited with the Trustee pursuant to subclause

(ii) of clause (A) of this Section, the obligations of the Trustee under Section 3.2 and the last paragraph of Section 8.4 shall survive.

The provisions of Section 11.6 shall apply to this Section 3.1 as if set forth herein.

SECTION 3.2. Application of Trust Money. Subject to the provisions of the last paragraph of Section 8.4, all money deposited with the Trustee pursuant to Section 3.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE 4

REMEDIES

SECTION 4.1. Events of Default. "Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) the Company shall fail to pay (i) any principal or premium, if any, on any Security when the same becomes due and payable, whether at stated maturity or required prepayment or by acceleration or otherwise and such failure shall continue for a period of more than 5 days or (ii) any interest on any Security when the same becomes due and payable, whether at stated maturity or required prepayment or by acceleration or otherwise and such failure shall continue for a period of more than 15 days; or

(b) either Obligor shall fail to preserve and maintain its legal existence (except as permitted in Article 8); or

(c) either Obligor shall fail to deposit any sinking fund payment, when and as due by the terms of a Security of that series; or

(d) any representation, warranty or certification made herein or in any other Basic Agreement (or in any modification or supplement hereto or thereto) by either Obligor or any other Relevant Party, or in any certificate furnished to the Trustee or the Collateral Agent pursuant to the provisions hereof or thereof, shall prove to have been false as of the time made or furnished in any material respect and such misrepresentation has resulted in a Material Adverse Effect and shall continue uncured for 30 or more days; or

(e) any Relevant Party shall fail to perform or observe any of its obligations or covenants contained herein or in any other Basic Agreement (or in any modification or supplement hereto or thereto) (other than an obligation or covenant, a default in which is otherwise expressly included in this Section 4.1), and such failure has resulted in a Material Adverse Effect and shall continue uncured for 30 or more days; or

(f) (i) the Partnership shall default in the payment when due of any principal of or interest on any of its other Indebtedness aggregating at least the greater of (x) $20,000,000, as Escalated, or more and (y) 5% of the Partnership's aggregate outstanding Indebtedness, (ii) the Company shall default in the payment when due of any principal of or interest on any of its other Indebtedness or (iii) the Partnership or the Company shall default in the payment when due of any secured debt secured equally and ratably with the Securities; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity and such event is not cured or waived within 30 days after the date of its occurrence or such Indebtedness is accelerated prior to the end of such 30-day period.

(g) the Partnership, the Company or any other Relevant Party shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(h) the Partnership, the Company or any other Relevant Party shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) take any corporate action authorizing any of the foregoing; or

(i) a proceeding or case shall be commenced without the application or consent of the affected Relevant Party, in any court of competent jurisdiction, seeking (x) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (y) the appointment of a receiver, custodian, examiner, liquidator or the like of such Relevant Party or of all or any substantial part of its Property or (z) similar relief in respect of such Relevant Party under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of

the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more consecutive days;

(j) a final judgment or judgments for the payment of money, in the aggregate, in excess of the greater of (x) $20,000,000, as Escalated, and (y) 5% of the Gross Book Value of the Partnership, shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against the Partnership or the Company and the same shall not be discharged (or provision shall not be made for such discharges or a stay of execution thereof shall not be procured), within 60 days from the date of entry thereof and such Obligor shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(k) one or more of the Basic Agreements (other than the Indenture) shall fail to be in full force and effect (unless such failure is the result of a termination of such Basic Agreement in accordance with its terms (other than a termination due to a default by a party to such Basic Agreement) and such failure continues for more than 30 days (provided that, if efforts to cure such default have been commenced within such 30-day period, such cure period shall be extended for an additional 30 days so long as no other Event of Default shall occur and be continuing and the Partnership, or the Company, as applicable, is diligently pursuing such cure) unless immediately after giving effect to such failure to be in full force and effect there shall be No Ratings Downgrade; or

(l) If:

(i) any party (other than the Partnership) to a Project Agreement (other than an LTFT Agreement or a Shipper Guaranty) shall default in the performance of any term, covenant or agreement contained in such Project Agreement, (and such default shall continue uncured for the length of the applicable cure period set forth in such Project Agreement or a Shipper Guaranty), and such party shall not have been replaced within 90 days of such default with a Person capable of performing such term, covenant or agreement; or

(ii) any Project Agreement (other than an LTFT Agreement) shall become invalid, illegal or unenforceable, or shall cease, for any reason, to be in full force and effect in all material respects, and such Project Agreement shall not have been replaced within 90 days of such cessation;

and, in either case, the failure to make such replacement could reasonably be expected to result in a Material Adverse Effect; or

(m) any of the Liens created by the Security Agreements shall at any time not constitute a valid and perfected Lien on the collateral intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required herein or therein) in favor of the Collateral Agent free and clear of all other Liens (other than Liens

permitted under Section 8.8), or, except for expiration in accordance with its terms, any of the Security Agreements shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by either Obligor and any such event shall remain uncured for a period of 15 days; or

(n) the Company shall cease to be a wholly owned Subsidiary of the Partnership;

or

(o) any other Event of Default provided with respect to Securities of that series.

Any Partner shall have the right, but not the obligation, to cure any payment default in clauses (a), (e), (f) or (j) above, including the Partnership's payment obligations under Article 12 herein, within the respective grace period set forth in such clauses and, if such payment default is cured, such payment default shall not constitute an Event of Default under this Indenture.

SECTION 4.2. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default specified in Section 4.1(g), (h) or (i)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in Principal Amount of the Outstanding Securities of that series may declare the unpaid Principal Amount (including any premium) of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the Principal Amount (and premium) of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Company (and to the Trustee, if given by Holders), and upon any such declaration such Principal Amount (and premium) shall become immediately due and payable. If an Event of Default specified in Section 4.1(g), (h) or (i) with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. In either such case, the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities may then send a Default Notice pursuant to the Collateral Agency Agreement requesting the Collateral Agent to take action against the Collateral. Such request is subject to approval by the Required Senior Parties.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article 4 provided, the Holders of a majority in Principal Amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) there has been paid or deposited with the Trustee a sum sufficient to pay the aggregate of:

(i) all overdue interest on all Securities of that series,

(ii) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(iv) all sums paid by the Trustee hereunder and the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel;

and

(b) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 4.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

4.3. SECTION Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if:

(a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 15 days and such default is not cured by any Partner pursuant to Section 4.1(a), or

(b) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof and such default continues for a period of 5 days and such default is not cured by any Partner pursuant to Section 4.1(a),

then the Company will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Security the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest (if any), at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of

collection, including the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated, subject to the Collateral Agency Agreement.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may, subject to Section 4.12, in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 4.4. Trustee May File Proofs of Claim. In case of any judicial proceeding relative to the Company or the Partnership (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to file and prove a claim for the whole amount of principal, premium, if any, and any interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel) and of the Holders allowed in any such judicial proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 5.7.

No provision of this Indenture shall be deemed to authorize the Trustee (x) to authorize, consent to, accept, or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to (y) to vote in respect of the claim of any Holder in any such proceeding; provided however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

SECTION 4.5. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 4.6. Application of Money Collected. Any money collected by the Trustee pursuant to this Article 4 or the Collateral Agency Agreement shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST, to the payment of all amounts due the Trustee under Section 5.7;

SECOND, to the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

THIRD, if any such money shall remain after the distributions set forth in priorities FIRST and SECOND, to the Company.

SECTION 4.7. Limitation on Suits. No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to the Securities of such series or this Indenture, or for the appointment of a receiver or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(b) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in Principal Amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 4.8. Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 2.9) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 4.9. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Partnership, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 4.10. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.8 and subject to Section 4.7, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 4.11. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 4 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 4.12. Control by Holders. The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time,

method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and would not involve the Trustee in personal liability.

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, provided, further, that, any trust or power conferred on the Trustee in its capacity as representative of the Holders as Partnership Senior Parties or Funding Senior Parties (as such terms are defined in the Collateral Agency Agreement), shall be exercisable at the direction of the Holders in accordance with Section 5.13 and not in accordance with this Section 4.12.

SECTION 4.13. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default:

(a) in the payment of the principal of, premium, if any, or interest on any Security of such series; or

(b) in respect of a covenant or provision hereof which under Article 7 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, the Company, the Partnership, the Trustee and the Holders of the Securities of that series shall be restored to their former positions and rights hereunder, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 4.14. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, having due regard to the merits and good faith of the claims or default made by such party litigant; provided, that the provisions of this Section 4.14 shall not apply to any suit instituted by the Trustee or to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder of any Security for the enforcement of the payment of the principal of, premium, if any, or interest on such Security on or after the Stated Maturity thereof (including, in the case of redemption, on or after the Redemption Date).

SECTION 4.15. Waiver of Usury, Stay or Extension Laws. Each Obligor covenants (to the extent that each may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture or any obligations arising under the Securities of any series issued hereunder, and each Obligor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.16. Securities Held by Certain Persons Not to Share in Distribution. Any Securities known to a Responsible Officer of the Trustee assigned to its Institutional Trust Services department (or any successor department or group) to be owned or held by, or for the account or benefit of, the Company or the Partnership or an Affiliate of either thereof shall not be entitled to share in any payment or distribution provided for in this Article 4 until all Securities held by other Persons have been indefeasibly paid in full.

SECTION 4.17. The Collateral Agency Agreement. Simultaneously with the execution and delivery of this Indenture, the Trustee shall enter into the Collateral Agency Agreement. All rights and remedies available to the Trustee and the Holders of the Outstanding Securities, and all future Holders of any of the Securities, with respect to the Collateral, or otherwise pursuant to the Security Agreements, shall be subject to the Collateral Agency Agreement.

ARTICLE 5

THE TRUSTEE

SECTION 5.1. Certain Duties and Responsibilities.

(a) Except during a continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Collateral Agency Agreement, and no implied covenants or obligations shall be read into this Indenture and the Collateral Agency Agreement against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, requests, orders or opinions furnished to the Trustee and conforming to the requirements of this Indenture and the Collateral Agency Agreement, as applicable; but in the case of any such certificates or opinions which by any provision hereof or of the Collateral Agency Agreement are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to

determine whether or not they conform to the requirements of this Indenture, but need not verify the contents thereof.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and the Collateral Agency Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(i) this clause (c) shall not be construed to limit the effect of clause (a) of this Section 5.1;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in Principal Amount (or such other amount as may be provided in or pursuant to this Indenture) of the Outstanding Securities of any series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture or the Collateral Agency Agreement; and

(iv) no provision of this Indenture or the Collateral Agency Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (including, without limitation, adequate indemnity reasonably satisfactory to the Trustee against any environmental liabilities against the Trustee arising out of the performance of its duties hereunder and under the Collateral Agency Agreement).

(d) Whether or not therein expressly so provided, every provision of this Indenture or the Collateral Agency Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 5.1.

SECTION 5.2. Notice of Defaults. Within 90 days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Holders, as their names and

addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders. For the purpose of this Section 5.2, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 5.3. Certain Rights of Trustee. Subject to the provisions of Section 5.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company or the Partnership mentioned herein shall be sufficiently evidenced by an Officer's Certificate, or, in the case of the Company, a Company Request or Company Order;

(c) whenever in the administration of this Indenture or the Collateral Agency Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting to take any action hereunder or under the Collateral Agency Agreement, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or the Collateral Agency Agreement at the request or direction of any of the Holders pursuant to this Indenture or the Collateral Agency Agreement, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records

and premises of the Company or the Partnership, as applicable, personally or by agent or attorney; and

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder or under the Collateral Agency Agreement either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 5.4. Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company or the Partnership, as applicable, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Securities or any Collateral or Lien thereon or any Security Agreement. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof. The Trustee shall not be charged with knowledge of any Default or Event of Default unless a Responsible Officer of the Trustee assigned to its Institutional Trust Services department (or any successor department or group) shall have actual knowledge thereof or shall have received written notice thereof in accordance with Section 1.5 from the Company, the Partnership, the Collateral Agent or any Holder. The Trustee shall not be responsible for perfecting or maintaining the perfection of the Lien on the Collateral or for filing, refiling or recording any document, notice or instrument in any public office at any time. The Trustee shall not be responsible for calculating the Economic Make-Whole Premium. The Trustee makes no representations as to the value or condition of the Collateral or any part thereof, or as to the title of the Partnership or the Company thereto or as to the security afforded by the Security Agreements, or as to the validity, execution (except its own execution), enforceability, priority, perfection, legality or sufficiency of the Security Agreements or any Senior Debt Agreement, and the Trustee shall incur no liability or responsibility in respect of any such matters. The Trustee shall not be responsible for insuring the Collateral or any other Property or for determining whether the Collateral or any other Property is properly insured or for the payment of taxes, charges, assessments or liens upon the Collateral or otherwise as to the maintenance of the Collateral.

SECTION 5.5. May Hold Securities. The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or the Partnership, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company and the Partnership with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 5.6. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 5.7. Compensation and Reimbursement. The Company agrees:

(a) to pay to the Trustee (all references in this Section 5.7 to the Trustee shall be deemed to apply to the Trustee in its capacities as Trustee, Paying Agent and Securities Registrar) from time to time such compensation as shall be agreed to in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein or in any written agreement between the Trustee and the Company, to reimburse the Trustee upon its request for all reasonable and documented (in accordance with the standard practices of the Trustee) expenses and disbursements incurred or made by the Trustee in accordance with any provision of this Indenture or the Collateral Agency Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense or disbursement as may be attributable to its negligence or bad faith;

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder or in connection with the Securities of any series, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or under the Collateral Agency Agreement; and

(d) the obligations of the Company under this Section 5.7 to compensate the Trustee, to pay or reimburse the Trustee for expenses and disbursements and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services after the occurrence of an Event of Default under Section 4.1(g), (h) or (i), the parties hereto and the Holders by their acceptance of the Securities hereby agree that the expenses and the compensation for the services of the Trustee are intended to constitute expenses of administration under any applicable bankruptcy law.

If the Trustee (or an agent thereof) takes title to the assets of the Company or the Partnership pursuant to a foreclosure proceeding (as used in this Section 5.7(d), a "Transfer"), then the Company and the Partnership will indemnify the Trustee for liabilities arising out of any violation of environmental law by the Company or the Partnership, as the case may be, whether known at the time of the Transfer or discovered subsequent to the Transfer, with respect to such assets that resulted from action occurring prior to the Transfer. The foregoing indemnity shall be for the sole benefit of the Trustee (and any agent thereof who takes title to assets of the Company or the Partnership, as the case may be, in a foreclosure proceeding) and rights thereunder may not be assigned or otherwise transferred

other than to a successor Trustee hereunder. Holders of Securities shall not have any rights under the foregoing indemnity.

SECTION 5.8. Corporate Trustee Required; Eligibility. There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $100,000,000 and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section 5.8, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section 5.8, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 5.

SECTION 5.9. Resignation and Removal; Appointment of Successor. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article 5 shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 5.10.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 5.10 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may at the expense of the Company petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

If at any time:

(a) the Trustee shall cease to be eligible under Section 5.8 and shall fail to resign after written request therefor by the Company or by any Holder; or

(b) the Trustee shall be incapable of acting or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Company by an Officer's Certificate may remove the Trustee with respect to all Securities, or (B) subject to Section 4.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, with respect to the Securities of one or more series, the Company, by an Officer's Certificate, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 5.10. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in Principal Amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 5.10, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to such Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 5.10, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 1.6. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 5.10. Acceptance of Appointment by Successor. In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the

retiring Trust and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the Partnership, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (a) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (b) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (c) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustee's co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and, upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be eligible under this Article.

SECTION 5.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder (provided such corporation shall be otherwise eligible under this Article 5), without the

execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 5.12. Appointment of Paying Agent and Authenticating Agent. 5.12.

(a) There shall at all times be a Paying Agent hereunder. In addition, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 2.8, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. The Paying Agent and all Authenticating Agents shall herein be referred to individually as an "Authorized Agent" and collectively as the "Authorized Agents."

(b) Each Authorized Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as such Authorized Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authorized Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section 5.12, the combined capital and surplus of such Authorized Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authorized Agent shall cease to be eligible in accordance with the provisions of this Section 5.12, such Authorized Agent shall resign immediately in the manner and with the effect specified in this Section 5.12.

(c) Any corporation into which an Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authorized Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authorized Agent, shall continue to be an Authorized Agent (provided such corporation shall be otherwise eligible under this Section 5.12), without the execution or filing of any paper or any further act on the part of the Trustee or such Authorized Agent.

(d) Any Paying Agent (other than the Trustee) from time to time appointed hereunder shall execute and deliver to the Trustee an instrument in which said Paying Agent

shall agree with the Trustee, subject to the provisions of this Section 5.12, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, and premium, if any, and interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(ii) give the Trustee within five days thereafter notice of any default by any obligor upon the Securities in the making of any such payment of principal, premium, if any, or interest; and

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Notwithstanding any other provision of this Indenture any payment required to be made to or received or held by the Trustee may, to the extent authorized by written instructions of the Trustee, be made to or received or held by a Paying Agent in the Borough of Manhattan, the City of New York, for the account of the Trustee.

(e) An Authorized Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authorized Agent and to the Company and the Company may at any time terminate the agency of a Paying Agent by giving written notice thereof to such Authorized Agent and to the Trustee. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 5.12, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and the Company may appoint a successor Paying Agent and give notice of such appointment to the Trustee and the Trustee, in the case of an Authenticating Agent, and the Company, in the case of a Paying Agent, shall give notice of such appointment in the manner provided in Section 1.6 to all Holders of Securities of the series with respect to which such Authorized Agent will serve. Any successor Authorized Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as such Authorized Agent. No successor Authorized Agent shall be appointed unless eligible under the provisions of this Section 5.12.

(f) The Company agrees to pay to each Authorized Agent from time to time reasonable compensation for its services under this Section 5.12.

(g) If an appointment of an Authenticating Agent with respect to one or more series is made pursuant to this Section 5.12, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, a certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank, as Trustee

By

As Authenticating Agent

By

Authorized Signatory

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing or by facsimile, shall appoint at the expense of the Company in accordance with this Section 5.12 and such procedures as shall be acceptable to the Trustee, an Authenticating Agent having an office in a Place of Payment designated by the Company with respect to such series of Securities.

(h) The Paying Agent will comply with all applicable withholding, backup withholding and information reporting requirements imposed by the Code and applicable Treasury Regulations issued thereunder (including, without limitation, the collection of Internal Revenue Service Forms W-8 or W-9, as the case may be, and the filing of Internal Revenue Service Forms 1099, 1042 and 1042-S).

SECTION 5.13. Rights and Obligations of Trustee as Representative of the Holders under the Security Agreements. Whenever any Security Agreement provides that the Senior Parties are to take any action thereunder, the Trustee, as representative of the Holders shall be obligated to solicit consents from the Securityholders and consent on behalf of the Securityholders in accordance with the results of such solicitation. The Trustee shall be required to consent or not consent with respect to all matters requiring the consent of Senior Parties in proportion to the aggregate Principal Amount of Securities the Holders of which have consented affirmatively and negatively to the proposed action. The Trustee shall consider any non-responses a "no" vote with respect to that Securityholder. The expenses of any such solicitation shall be borne by the Company and the Company shall be obligated, at the request of the Trustee, to prepare all documents required to consummate such solicitation,

including all documents required by applicable law, including applicable securities laws. The Trustee shall have no liability to any Person, including, without limitation, any Senior Party, the Company or the Partnership, for any delay in consenting as a Senior Party caused by the solicitation requirements of this Section 5.13. The Trustee may, but shall not be obligated to, give its consent as representative of the Holders pursuant to this Section 5.13, if the action so consented to affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. If the Collateral Agent requires indemnity from the Trustee, as representative of the Holders, prior to taking any action under the Security Agreements, the Trustee shall have no responsibility for providing such indemnity but shall request such indemnity from the Holders and shall have no liability to any Person for any inaction by the Collateral Agent pending receipt of such indemnity from the Holders.

ARTICLE 6

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 6.1. Company to Furnish Trustee Names and Addresses of Holders. The Company will furnish or cause to be furnished to the Trustee:

(a) monthly, not later than each Interest Payment Date with respect to the Securities of each series, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of such series as of the day 15 days preceding such Interest Payment Date; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 6.2. Preservation of Information; Communications to Holders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 6.1 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 6.1 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act (as if the provisions of the Trust Indenture Act applied to this Indenture).

Every Holder of Securities, by receiving and holding the same, agrees with the Company, the Partnership and the Trustee that none of the Company, the Partnership nor the

Trustee, nor any agent of either of them, shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act (as if the provisions of the Trust Indenture Act applied to this Indenture).

ARTICLE 7

SUPPLEMENTAL INDENTURES

SECTION 7.1. Supplemental Indentures Without Consent of Holders. Subject to the terms of the Collateral Agency Agreement that require the Required Senior Parties to consent to certain amendments to the Indenture, without the consent of any Holders, the Company and the Partnership, in each case when authorized by an Officer's Certificate and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities, or to evidence the succession of another entity to the Partnership and the assumption by such successor of the covenants of the Partnership contained herein; or

(b) to add to the covenants of the Company or the Partnership for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company or the Partnership; or

(c) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(d) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(e) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities provided that any such addition, change or elimination (i) shall neither (A) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (B) modify the rights of the Holder of any such Security with respect to such provision or (ii) shall become effective only when there is no such Security Outstanding; or

(f) to secure the Securities, including, without limitation, by amending the Partnership Security Agreement in accordance with Section 8.27; or

(g) to establish the form of Securities of any series as permitted by Section 2.1, and to establish the terms of Securities of any series as permitted by Section 2.3; or

(h) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 5.10; or

(i) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant to this clause (i) shall not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(j) to modify the restrictive legends set forth on the face of the form of Security in Exhibit A or as are otherwise set forth or provided for pursuant to Section 2.1, 2.2 or 2.3, or modify the forms of certification provided for in Section 2.13; provided, however, that any such modification shall not adversely affect the interest of the Holders of the Securities of any series created prior to the execution of such supplemental indenture in any material respect; or

(k) to permit the holders of any indebtedness incurred in respect of an Expansion to secure such indebtedness with the collateral specifically permitted under clauses (ii), (iii) and (iv) of Section 8.20(b), and upon Completion of such Expansion and release of the related Completion Guaranty, to permit such holders to share equally and ratably in the Collateral; or

(l) to make any other change that does not adversely affect the interests of the Holders of the Securities of any series created prior to the execution of such supplemental indenture in any material respect.

SECTION 7.2. Supplemental Indentures With Consent of Holders. Subject to the terms of the Collateral Agency Agreement that require the Required Senior Parties to consent to certain amendments to the Indenture, with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company, the Partnership and the Trustee, the Company and the Partnership, in each case when authorized by an Officer's Certificate, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental

indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 4.2, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(b) subject to Section 7.1(k), permit the creation of any lien prior to the Lien of the Security Agreements with respect to any of the Collateral, or terminate the Lien of the Security Agreements on any Collateral or deprive any Holder of the security afforded by the Lien of the Security Agreements, except to the extent expressly permitted by this Indenture or any of the Security Agreements; or

(c) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of certain defaults hereunder and their consequences) provided for in this Indenture; or

(d) modify any of the provisions of this Section 7.2 or Section 4.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause (d) shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section 7.2, or the deletion of this proviso, in accordance with the requirements of Sections 5.10 and 7.1(h).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section 7.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 7.3. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article 7 or the

modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 5.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and that such supplemental indenture is the legal, valid and binding obligation of the Company and the Partnership, enforceable against the Company and the Partnership in accordance with its terms (subject to customary qualifications and exceptions) and that all necessary consents have been obtained. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 7.4. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article 7, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 7.5. Reference in Securities to Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article 7 may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Partnership shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee, the Company and the Partnership, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE 8

COVENANTS

Each of the Partnership and the Company covenants and agrees that so long as this Indenture is in effect and any Securities remain Outstanding:

SECTION 8.1. Financial Statements, Etc. The Partnership (for itself and on behalf of the Company) shall deliver to the Trustee and upon the request of a beneficial holder of the Securities shall thereafter deliver to such beneficial holder without further request:

(a) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of the Partnership, unaudited statements of income, retained earnings and cash flows of each of the Partnership and the Company (commencing with the quarter ending June 30, 2001) for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related balance sheets of each of the Partnership and the Company as at the end of such period, setting forth in each case in comparative form the corresponding figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Partnership, audited statements of income, retained earnings and cash flows of each of the Partnership and the Company for such fiscal year (commencing with the year ending December 31, 2001) and the related balance sheet of the Partnership and the Company as at the end of such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial statements fairly present in all material respects the financial condition and results of operations of each of the Partnership and the Company as at the end of and for, such fiscal year in accordance with RAP;

(c) together with the first quarterly report under Section 8.1(a) that is delivered after the publication in each year of the Consumer Price Index for all Urban Consumers (CPI/U) or a comparable index, an annual Officer's Certificate setting forth the Escalation over the previous year and the method of calculation thereof.

(d) as soon as practicable and in any event within 10 days after the Partnership becomes aware or should reasonably become aware of the occurrence of an Event of Default or Default, an Officer's Certificate setting forth the details of such Event of Default or Default, and the action which the Partnership and the Company propose to take with respect thereto;

(e) promptly following the effectiveness thereof, copies of each amendment, modification, supplement or waiver to any Project Agreement, certified by a Senior Officer of the Partnership, to be a true and complete copy of such amendment, modification, supplement or waiver, provided that, unless requested by the Trustee, the foregoing shall not apply to any such amendment, modification, supplement or waiver that could not reasonably be expected to have a Material Adverse Effect;

(f) no later than the date of the consummation of any Transfer, notice of such event;

(g) simultaneously with the delivery of each set of financial statements pursuant to clauses (a) and (b) of this Section 8.1, a written discussion prepared by the Partnership of the Partnership's financial condition, changes in financial condition and results of operations, including a description of (i) any material developments in the Partnership's business, (ii) the Partnership's material commitments for Capital Expenditures (not including Capital Expenditures in connection with maintenance of the Partnership's Properties or other Capital Expenditures made in the ordinary course) (iii) any unusual events or transactions or any significant changes that materially affected the amount of reported income or cash flow from continuing operations and any other significant components of revenues of expenses, (iv) Distributions made during the period covered by such statements and, (v) loans and other advances made by the Partnership to any of the Partners;

(h) written notice of the occurrence of any Material Loss or Catastrophic Loss within 10 days of the occurrence of such loss.

The Partnership will furnish to the Trustee at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of a Senior Officer of the Partnership (i) to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Partnership has taken or proposes to take with respect thereto), (ii) setting forth in reasonable detail the computations necessary to determine whether the Obligors are in compliance with Sections 8.9 and 8.11 hereof as of the end of the respective quarterly fiscal period or fiscal year and (iii) certifying that the amendments, modifications, supplements and waivers referred to in Section 8.1(d) which have become effective since (in the case of the first such certificate) the Closing Date or (in the case of each subsequent such certificate) the date of the next preceding such certificate and copies of which have not been delivered to the Trustee as provided above could not, taken as a whole, reasonably be expected to have a Material Adverse Effect.

The Trustee's sole responsibility with respect to any statement or written discussion delivered to it pursuant to this Section 8.1 shall be to make the same available for inspection by the Holders during normal business hours.

SECTION 8.2. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of, premium, if any, and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

SECTION 8.3. Existence, Etc. Each Obligor will:

(a) Subject to Section 8.6, preserve and maintain its legal existence, its general partnership form (in the case of the Partnership) or corporate form (in the case of the Company), and obtain and maintain, or to cause to be obtained or maintained, as the case may be, all of its rights, licenses, permits, privileges and franchises necessary for the operation of the Project and the conduct of its business unless each Partner shall have determined that failure to maintain any of such rights, licenses, permits, privileges and franchises could not reasonably be expected (either individually or in the aggregate) to have a Material Adverse Effect (provided that nothing in this Section 8.3 shall prohibit any transaction expressly permitted under Section 8.6);

(b) operate and manage the Project (or cause it to be operated and managed) and maintain, repair and preserve (or cause the maintenance, repair and preservation of) the Project in each case (i) in compliance with, and otherwise comply with the requirements of, all applicable Governmental Rules and Governmental Approvals including, without limitation, all applicable laws involving pipeline safety and environmental protection except for such failures to comply as could not reasonably be expected to result in a Material

Adverse Effect, (ii) in accordance with the terms of the Project Agreements, (iii) in accordance with generally accepted prudent pipeline industry standards, and (iv) subject to Section 8.6, maintain and preserve the Project and all of its other Properties used or useful in its business in good operating and working order and condition, ordinary wear and tear excepted; provided however, that nothing in this Section 8.3 shall prevent the Partnership or the Company from discontinuing or suspending the operation or maintenance or preservation of any of such properties if such discontinuance or suspension is, in the judgment of each Partner, desirable in the conduct of the Partnership's business and not disadvantageous in any material respect to the Holders; provided further, that, except in the event of a Casualty Event, in which case the provisions of Section 9.8 shall apply with respect to the portion or portions of the Project lost, damaged or condemned;

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property when due except (i) for any such tax, assessment charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with RAP and (ii) to the extent that failure to pay such taxes will not have a Material Adverse Effect on the financial condition of the Partnership; and

(d) keep adequate records and books of account.

SECTION 8.4. Money for Securities Payments to be Held in Trust. If the Company shall at any time act as Paying Agent with respect to any series of Securities, it will on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal, premium, if any, and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and the Company will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or prior to each due date of the principal of, premium, if any, or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act (as if the provisions of the Trust Indenture Act applied to this Indenture), and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (a) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent (as if the provisions of the Trust Indenture Act applied to this Indenture) and (b) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that

series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or the Company by Company Order may direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company, or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Except as otherwise required by applicable law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on demand, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customary published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.5. Insurance.

(a) Except as expressly provided in the last paragraph of this Section 8.5(a), the Partnership will maintain insurance with financially sound and reputable insurance companies and with respect to Property and risks of a character that, in the reasonable good faith opinion of the Partnership, are no less favorable than the insurance coverage obtained by companies engaged in similar businesses and owning similar properties as the Partnership; including the following insurance:

(i) Property Insurance. Insurance against loss or damage covering the Project and other tangible real and personal Property and improvements of the Partnership and the Company by reason of any Peril.

(ii) Business Interruption Insurance. Business interruption insurance covering 100% of business income (defined as net profit before income taxes, continuing normal operating expenses including payroll and mandatory debt service)

of the Project, for a period of 12 months, arising from loss insured by clause (i) above. The maximum deductible in respect of such business interruption insurance shall be no greater than $10,000,000.

(iii) Automobile Liability Insurance for Bodily Injury and Property Damage. Insurance against liability for bodily injury and property damage in respect of all vehicles (whether owned, hired or rented by the Partnership or the Company) at any time located at, or used in connection with, its Properties or operations, but in no event less than the amount required by applicable law.

(iv) Commercial General Liability Insurance. Insurance against claims for bodily injury, death or Property damage occurring on, in or about the Properties (and adjoining sidewalks and waterways) of the Partnership and the Company.

(v) Workers' Compensation Insurance. Workers' compensation insurance (including, without limitation, Employers' Liability Insurance) to the extent required by applicable law.

(vi) Other Insurance. Such other insurance in each case as generally carried by Williams for such similar facilities.

Notwithstanding any provision in this Section 8.5 to the contrary, (i) the Partnership shall have no obligation to maintain insurance coverage on underground piping, and (ii) the Partnership and the Company will not be obligated to maintain or cause to be maintained the insurance described in this Section 8.5 during any period in which Williams extends its own insurance or self-insurance to the Partnership and Company to the extent and in the manner normal for companies of like size, type and financial condition as the Partnership and the Company.

(b) The Collateral Agent shall be named as sole loss payee, under a standard lenders loss payable clause or mortgage endorsement substantially equivalent to the New York standard mortgage endorsement or lenders loss payable endorsement form 438 BFU, without contribution, under insurance policies required by Sections 8.5(a)(i) and (ii).

(c) On the Closing Date, the Company and the Partnership shall furnish to the Trustee certification indicating procurement of all required insurance. Such certification shall identify underwriters, the type of insurance, the insurance limits, the risks covered thereby and the policy term. Upon request by the Trustee, the Company and the Partnership will promptly furnish to the Trustee copies of all insurance digests (or upon further request insurance policies), binders and cover notes or other evidence of such insurance relating to the Project.

SECTION 8.6. Prohibition of Fundamental Changes. Except as permitted by the Partnership Agreement:

(a) Neither Obligor will enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), except pursuant to a Qualified Transaction.

(b) Neither Obligor will acquire any business or Property from, or capital stock of, or be a party to any acquisition of, any Person except (in the case of the Partnership) for the acquisition of capital stock of the Company and purchases of inventory and other Property to be sold or used in the ordinary course of business.

(c) Subject to Section 8.6(a), neither Obligor will sell, transfer, lease, abandon or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets.

(d) Subject to Section 8.6(a), neither Obligor will convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, any of its business or Property, whether now owned or hereafter acquired, that is material to the operation or maintenance of the Project (including, without limitation, receivables and leasehold interests) excluding (i) redundant, obsolete or worn-out Property, tools or equipment no longer used or useful in its business and any inventory or other Property sold or disposed of in the ordinary course of business and on ordinary business terms and (ii) dispositions contemplated by the Project Agreements.

SECTION 8.7. Ownership of the Company; No Other Subsidiaries. The Partnership will at all times cause the Company to be a Wholly Owned Subsidiary of the Partnership. The Partnership will at no time have any Subsidiaries other than the Company, Subsidiaries with limited purposes similar to those of the Company, Kern River Gas Supply Corporation and Kern River Service Corp. and the Company will at no time have any Subsidiaries.

SECTION 8.8. Limitation on Liens. Neither Obligor will create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired, except:

(a) Liens equally and ratably securing the Securities of each series;

(b) any Lien that secures Additional Senior Indebtedness equally and ratably with the Securities;

(c) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Partnership or the Company, as the case may be, in accordance with RAP;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's, lessor's other than the lessor in a sale-leaseback transaction, or other like Liens arising in the ordinary course of business or are incident to the construction or improvement of any Property that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and Liens securing judgments as to which all rights of appeal have not terminated and are bonded or pledged or enforcement of which will not have a Material Adverse Effect on the Company or the Partnership but only to the extent, for an amount and for a period not resulting in an Event of Default under Section 4.1(k) hereof;

(e) pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(f) easements, rights-of-way, actions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of Property or minor imperfections in title thereto that, in the aggregate, are not material in amount, and that do not in any case materially detract from the value of the Property subject thereto or interfere with the ordinary conduct of the business of the Partnership or the Company;

(g) Liens upon real and/or tangible personal Property acquired after the date hereof (by purchase, construction or otherwise) by the Partnership, each of which Liens either (i) existed on such Property before the time of its acquisition and was not created in anticipation thereof or (ii) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction, repair or improvement) of such Property; provided that for clause (ii) above, (A) no such Lien shall extend to or cover any Property of the Partnership other than the Property so acquired and improvements thereon, (B) the principal amount of Indebtedness secured by any such Lien shall at no time exceed 100% of the purchase price or cost or fair market value (as determined in good faith by a Senior Officer of the Partnership) of such Property at the time it was acquired (by purchase construction or otherwise), (C) the Indebtedness secured by the Lien may not be incurred more than one year after the acquisition, completion of construction, repair, improvement, or commencement of full operation of the Property subject to the Lien, and (D) the principal amount of all such Indebtedness secured by such Liens shall not exceed 5% of the Total Capitalization of the Partnership in the aggregate at any one time outstanding;

(h) any Lien securing a Debt Service Letter of Credit Obligation;

(i) any Lien that extends, or renews or replaces in whole or in part a Lien referred to herein;

(j) additional Liens upon real and/or personal Property created after the date hereof (including Indebtedness for capitalized lease obligations), provided that the aggregate principal amounts of the Indebtedness secured thereby and incurred on and after the date

hereof, excluding the principal amount of Indebtedness secured by Liens provided by clauses (a) - (h) above, shall not exceed 3% of total capitalization of the Partnership in the aggregate at any one time outstanding; and

(k) any Lien permitted by the foregoing that is created pursuant to the Security Agreements.

SECTION 8.9. Indebtedness.

(a) Limit on Indebtedness. Neither Obligor will create, incur or suffer to exist or guarantee any Indebtedness except any one or more of the following:

(i) Indebtedness incurred in connection with the Securities (including the Partnership Loan, the Partnership Guarantee and the Debt Service LOC Loans);

(ii) trade or other similar Indebtedness incurred in the ordinary course of business;

(iii) Additional Senior Indebtedness to be used for working capital purposes of up to the greater of (x) $15,000,000 and (y) 120% of Project Revenues for the month immediately preceding the incurrence of such Indebtedness;

(iv) Additional Senior Indebtedness, the proceeds of which are applied to fund Capital Expenditures (including, without limitation, Capital Expenditures previously made for which the FERC requires a different percentage of Indebtedness than was originally sought by the Partnership in an application to the FERC) provided that, after giving effect to the incurrence of such Indebtedness, the ratio of Indebtedness to Total Capitalization of the Partnership does not exceed 70/100;

(v) Affiliate Subordinated Debt; and

(vi) any Additional Senior Indebtedness not set forth in clauses (i) through (v) above, so long as immediately after giving effect to the incurrence thereof, there shall be No Ratings Downgrade.

(b) Limit on Company Indebtedness. Without prejudice to Section 8.9(a) hereof, the Company will not create, incur or suffer to exist any Indebtedness other than Indebtedness Guaranteed by the Partnership (i) the proceeds of which are loaned or otherwise advanced to the Partnership, with such loans or advances by the Company to the Partnership evidenced by promissory notes of the Partnership in an amount equal to the principal amount of such loan or advance, bearing interest at a rate equal to the interest rate payable with respect to such loan or advance and with an amortization schedule identical to the amortization schedule with respect to such loan or advance or (ii) to the extent the proceeds thereof are applied to repay or otherwise refinance all or a portion of the Indebtedness with respect to the Securities of the Company then outstanding.

SECTION 8.10. Investments. Neither Obligor will make or permit to remain outstanding any Investments except:

(a) Permitted Investments;

(b) Investments by the Partnership in the Capital Stock of the Company;

(c) Investments by the Company in the Partnership Loan;

(d) the Debt Service LOC Account;

(e) subject to Sections 8.12 and 9.8, the redemption, retirement, prepayment or defeasance of Indebtedness of such Obligor;

(f) accounts receivable arising in the ordinary course of business; and

(g) Capital Expenditures as permitted hereunder which shall include all Capital Expenditures so long as not in violation of this Indenture.

SECTION 8.11. Distributions. The Obligors shall be permitted to declare or make any Distribution only on a Debt Service Payment Date, provided that neither Obligor will declare or make any Distribution to any Partner on any such Debt Service Payment Date if (i) an Event of Default has occurred and is continuing hereunder, (ii) the ratio of Senior Debt to Total Capitalization of the Partnership exceeds 75%, (iii) (A) the Projected Debt Service Coverage Ratio of the Partnership for the next two calendar quarters from such date of distribution is expected to be less than 1.25 to 1 or (B) the Debt Service Coverage Ratio for the two calendar quarters prior to such intended Distribution is less than 1.25 to 1, as certified by the Partnership and the Company by an Officer's Certificate delivered to the Trustee, or (iv) the Required Amount Condition has not been met.

SECTION 8.12. Affiliate Subordinated Debt. Neither Obligor will purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for the purchase, redemption, retirement or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Affiliate Subordinated Debt, except for payments or prepayments of principal and interest in respect thereof required pursuant to the instruments evidencing such Affiliate Subordinated Debt and permitted by the subordination provisions thereof.

SECTION 8.13. Lines of Business; Single-Purpose Entity.

(a) The Partnership will not engage in any line of business other than that directly related to its development, ownership and operation of the Project, including any expansions thereof, (in each case as contemplated by the Project Agreements) and any activities

reasonably related thereto (which shall include the gathering, marketing, sale, storage, processing and transportation of gas).

(b) The Company will not engage in any business other than the incurrence of Indebtedness and the making of loans to the Partnership, in each case in accordance with the terms hereof and the other Senior Debt Agreements, and the performance of its obligations under the Transaction Agreements to which it is a party.

SECTION 8.14. Transactions with Affiliates and Related Parties. Except for arrangements contemplated by the Project Agreements as in effect on the date of this Indenture, neither the Partnership nor the Company will enter into any transaction, including, without limitation, any contract or Investment, with any Affiliate of the Partnership unless (i) such transaction is a bona fide business transaction reasonably related to the business of the Partnership, (ii) such transaction is on terms that at such time are no less favorable to the Partnership than those that could be obtained at such time in a comparable arm's length transaction with an entity that is not an Affiliate of the Partnership and (iii) such transaction has been fully disclosed to all Partners.

SECTION 8.15. Modifications of Certain Documents. Subject to the Collateral Agency Agreement which requires (except as provided therein) approval by the Required Senior Parties, among other parties, to amend any Project Agreement, Security Agreement, Partnership Loan Agreement, the Indenture or changing in any manner the rights of the Collateral Agent, the Partnership, the Company or the other Senior Parties therein or thereunder, neither Obligor will (i) agree or consent to any termination, modification, supplement or waiver of any Project Agreement or Senior Debt Agreement or (ii) initiate changes to the Partnership's FERC tariff if the Partnership reasonably determines that such termination, modification, supplement, waiver or change to the tariff would individually or collectively with all other such terminations, modifications, supplements, waivers and changes to the tariff, reasonably be expected to have a Material Adverse Effect, unless immediately after giving effect to such termination, modification, supplement, waiver or change to the tariff, there shall be No Ratings Downgrade.

SECTION 8.16. Mandatory Obligor Actions.

If any Casualty Event shall occur, the Partnership shall promptly notify the Trustee thereof and take reasonable steps to pursue diligently all material rights to compensation. In addition:

(a) The Partnership shall, in the case of a Catastrophic Loss, cause all Proceeds of such Casualty Event to be deposited with the Collateral Agent in the Loss Proceeds Account.

(b) The Partnership shall, in the case of a Material Loss, apply the Proceeds received by it in connection with such Casualty Event to rebuild or repair the Project (as provided in Section 9.8).

SECTION 8.17. Rule 144A Information. At any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, upon the request of a beneficial holder of a Security, the Company shall promptly furnish to such beneficial holder or to a prospective purchaser of such Security designated by such holder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Rule 144A Information") in order to permit compliance by such holder with Rule 144A in connection with the resale of such Security by such holder; provided, however, that the Company shall not be required to furnish Rule 144A Information in connection with any request made on or after the date which is two years from the later of (a) the date such Security (or any Predecessor Security) was acquired from the Company or (b) the date such Security (or any Predecessor Security) was last acquired from an "affiliate" of the Company within the meaning of Rule 144 under the Securities Act; provided, further, that the Company shall not be required to furnish such information at any time to a prospective purchaser located outside the United States who is not a "United States Person" within the meaning of Regulation S under the Securities Act if such Security may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or any successor provision thereto).

SECTION 8.18. Maintenance of Office or Agency. The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 8.19. Use of Proceeds. The Company and the Partnership agree to apply the proceeds of the sale of the Securities hereunder (a) to repay the Existing 144A Debt, (b) to pay certain financing costs related to the sale of the Securities hereunder, including, without limitation, breakage costs associated with the termination of certain existing interest rate hedging arrangements, (c) to pay costs related to the development, financing and construction

of the California Action Project and the 2002 Expansion and (d) to reimburse the Partnership, and its Affiliates, for any such costs incurred prior to the date hereof.

SECTION 8.20. Expansion. Neither Obligor shall incur indebtedness for the purposes of financing, or permit the commencement of construction of, any Expansion unless:

(a) Williams or another entity that has a public debt rating equal to at least "BBB-" from S&P and "Baa3" from Moody's provides a Completion Guaranty with respect to such Expansion;

(b) until such Expansion has achieved Completion and the holders of the indebtedness incurred to finance such Expansion have released the applicable Completion Guaranty, the recourse of such holders is limited to (i) the applicable Completion Guaranty, (ii) any LTFT Agreements and related Shipper Guarantees entered into with respect to such Expansion, (iii) any new fixed assets financed with the proceeds of such indebtedness, and (iv) a claim to any cash of the Partnership that would otherwise be available for Distributions permitted under this Indenture; provided, however, such holders shall agree not to take any action or exercise any remedies prior to Completion that will in any way adversely affect the ability of the Partnership to operate the existing Pipeline; and

(c) the percentage of the costs of such Expansion that are financed with Indebtedness incurred by the Partnership does not exceed the Applicable Expansion Debt Level. For the purposes of this clause (c), "Applicable Expansion Debt Level" means the lesser of (x) 70%, (y) the difference between (A) the percentage of additional transportation capacity attributable to an Expansion that has been contracted by shippers meeting the requirements of the Partnership's FERC tariff and (B) 20% and (z) a percentage that causes the average annual Projected Debt Service Coverage Ratio from the date such Expansion reaches Completion until the Final Maturity Date of the Securities issued on the Closing Date (after taking into account the incurrence of the Indebtedness incurred in connection with such Expansion) to be greater than or equal to 1.55 to 1.0. For the purposes of clarity, if 95% of an Expansion's transportation capacity has been contracted to shippers meeting such requirements, the Applicable Expansion Debt Level for such Expansion will be 70% or such lower amount that allows the Partnership to satisfy the Projected Debt Service Coverage Ratio test set forth in clause (z); and if 75% of an Expansion's transportation capacity has been contracted to shippers meeting such requirements, the Applicable Expansion Debt Level for such Expansion will be 55% or such lower amount that allows the Partnership to satisfy the Projected Debt Service Coverage Ratio test set forth in clause (z).

SECTION 8.21. Compliance With Laws. The Partnership agrees to comply with all laws and regulations applicable to the conduct of its business and the operation of the Project, including environmental requirements, the failure to comply with which the Partnership believes would have a Material Adverse Effect.

SECTION 8.22. Property. The Partnership agrees to preserve good title or valid leasehold rights to all Project related Property it claims to hold (other than Property subject to any Casualty Event or Property disposed of pursuant to Section 8.6), subject only to Liens

permitted pursuant to Section 8.8, to the extent that failure to do so would have a Material Adverse Effect.

SECTION 8.23. FERC Filings. The Partnership agrees to oppose any filing made with the FERC if such filing would result in changes to the amounts being charged to Shippers that would have a Material Adverse Effect.

SECTION 8.24. Transportation Service Agreement. Except as the FERC may require or as the Partnership's FERC tariff may permit, the Partnership agrees not to permit the assignment by any LTFT Shipper of its obligations under a LTFT Agreement (including, without limitation, by way of a release of capacity to a substitute shipper) to any party with a public debt rating of less than investment grade or its equivalent, unless (i) the obligations of the assignee under the LTFT Agreement are (A) guaranteed by an entity with a public debt rating equal to at least Investment Grade or (B) supported by an Acceptable Letter of Credit, or (ii) the rating on the Securities after giving effect to such assignment shall be reaffirmed as being equal to or higher than the ratings on the Securities prior to such assignment by one of the Required Rating Agencies.

SECTION 8.25. Collateral Agency Agreement. The Securityholders agree, by their acceptance of the Securities pursuant to the terms of this Indenture, to be governed by and agree to be bound by any restrictions imposed on Securityholders pursuant to the terms of the Collateral Agency Agreement, unless otherwise specifically stated herein.

SECTION 8.26. Transfers. The Partnership agrees not to allow any transfer of ownership interests in the Partnership unless after giving effect to such transfer (i) at least 50% of the Partnership is owned and operated either by Williams and its affiliates or by a Qualified Transferee, or (ii) there is No Ratings Downgrade.

SECTION 8.27. Amendment to Partnership Security Agreement. Upon Completion of any Expansion, the Partnership agrees to amend Schedule A to the Partnership Security Agreement to add to such Schedule A any LTFT Agreements and Shipper Guaranties executed in connection with such Expansion.

SECTION 8.28. Debt Service Notices to Collateral Agent. If at any time, the Partnership believes that it will have insufficient monies to pay Mandatory Senior Debt Service on any date when it shall be due and payable, the Partnership agrees to provide notice to such effect to the Collateral Agent at least three (3) Business Days prior to the date on which such Mandatory Senior Debt Service shall be due and payable. The Partnership agrees that such notice shall state the amount of the expected insufficiency and shall otherwise be in accordance with Sections 7.2(a)(i) and 7.2(b) of the Collateral Agency Agreement.

ARTICLE 9

REDEMPTION OF SECURITIES

SECTION 9.1. Applicability of Article. Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 2.3 for such Securities) in accordance with this Article 9.

SECTION 9.2. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Securities shall be evidenced in accordance with Section 9.4 and otherwise in the manner specified as contemplated by Section 2.3 for such Securities. In case of any redemption at the election of the Company, the Company shall at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of the series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption or subject to compliance with conditions provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction or conditions. Promptly after the calculation by the Company of the Economic Make-Whole Premium, the Company will give the Trustee notice thereof.

SECTION 9.3. Selection by Trustee of Securities to Be Redeemed. If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 30 days prior to the Redemption Date by the Trustee from the Outstanding Securities of such series not previously called for redemption pro rata or by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the Principal Amount of any Security of such series, provided that the unredeemed portion of the Principal Amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security, except that in the case of an Installment Security redeemed in part, the face amount thereof after such redemption and not the unpaid Principal Amount thereof shall be in an authorized denomination for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 30 days prior to the Redemption Date by the Trustee from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate in the case of any Securities

redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 9.4. Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(a) the Redemption Date,

(b) the Redemption Price, provided, that, if the Redemption Price includes the Economic Make-Whole Premium, such notice need not set forth the amount of such Economic Make-Whole Premium, but need only set forth the manner in which such Economic Make-Whole Premium is to be calculated.

(c) if less than all the Outstanding Securities of any series consisting of more than a single Security and of a specified tenor are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the Principal Amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the Principal Amount of the particular Securities to be redeemed,

(d) that, on the Redemption Date, the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date, and that interest accrued to the Redemption Date will be paid to the Holder of the Security on the record date prior to the Redemption Date,

(e) the place or places where each such Security is to be surrendered for payment of the Redemption Price,

(f) that the redemption is for a sinking fund, if such is the case, and

(g) the CUSIP or ISIN number of the Securities to be redeemed.

Notice of Redemption of Securities to be redeemed at the election of the Company shall be given by the Company to the Trustee and each Holder of Securities or, at the Company's request, by the Trustee to each Holder of Securities in the name and at the expense of the Company, and shall be irrevocable.

SECTION 9.5. Deposit of Redemption Price. On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 8.4) an

amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 9.6. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 2.3, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 2.9.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, thereof shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 9.7. Securities Redeemed in Part. Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered; provided, that, in the case of an Installment Security redeemed in part, no such new Security shall be executed, authenticated and delivered in exchange for the unredeemed portion thereof. Upon surrender of any such Installment Security, the Security Registrar shall make a notation thereon of the unpaid principal amount thereof.

SECTION 9.8. Mandatory Redemption Upon a Casualty Event.

(a) Catastrophic Loss. In the event of a Catastrophic Loss, the Company shall redeem Securities in inverse order of maturity, if applicable, in an amount equal to the Securities Percentage of the applicable Proceeds ratably among each series at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date.

(b) Material Loss. In the event of a Material Loss, the Company shall rebuild or repair the Project.

(c) Excess Proceeds. Upon completion of the repair or restoration of the Project following any Material Loss and the payment of all costs of such repair or restoration, the

excess, if any, of (x) the amount of the Proceeds of such Casualty Event over (y) the aggregate amount of such costs of repair or restoration shall be released to or for the account of, or shall otherwise be made available to, the Partnership.

(d) Certain Notices. No later than 45 days prior to the date on which any redemption of Securities is to be made pursuant to paragraph (a) of this Section 9.8, the Company will deliver to the Trustee a statement, certified by a Senior Officer of the Company, in form and detail reasonably satisfactory to the Trustee of the occurrence of such event and the amount of the Proceeds thereof.

SECTION 9.9. Redemption at Company's Option. The Company shall have the right to redeem all or any portion of the Outstanding Securities, in whole or in part, at a Redemption Price equal to the Outstanding principal amount thereof plus accrued and unpaid interest thereon to the Redemption Date, plus the Economic Make-Whole Premium, if any, on a Redemption Date that it shall establish in accordance with the provisions of Section 9.4 hereof.

ARTICLE 10

SINKING FUNDS

SECTION 10.1. Applicability of Article. The provisions of this Article 10 shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 2.3 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of such Securities is herein referred to as an "optional sinking fund payment". To the extent that a right to make an optional sinking fund payment is not exercised in any year, it shall not be cumulative or carried forward to any subsequent year. Unless otherwise provided for by the terms of any Securities, the cash amount of any sinking-fund payment may be subject to reduction as provided in Section 10.2. Each sinking fund payment shall be applied to the redemption of Securities as provided for by the terms of such Securities.

SECTION 10.2. Satisfaction of Sinking Fund Payments with Securities. The Company (a) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (b) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; provided that the Securities to be so credited shall not have been previously so credited. The Securities to be so

credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 10.3. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any Securities, the Company will deliver to the Trustee an Officer's Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash, the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section 10.2, the basis for such credit, and that such Securities have not been previously so credited, and will also deliver to the Trustee any Securities to be so delivered. Not less than 45 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 9.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 9.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 9.6 and 9.7.

ARTICLE 11

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 11.1. Company's Option to Effect Defeasance or Covenant Defeasance. The Company may elect, at its option at any time, to have Section 11.2 or Section 11.3 applied to any Securities or any series of Securities, as the case may be, designated pursuant to Section 2.3 as being defeasible pursuant to such Section 11.2 or 11.3, in accordance with any applicable requirements provided pursuant to Section 2.3 and upon compliance with the conditions set forth below in this Article 11. Any such election shall be evidenced in the manner specified as contemplated by Section 2.3 for such Securities.

SECTION 11.2. Defeasance and Discharge. Upon the Company's exercise of its option (if any) to have this Section 11.2 applied to any Securities or any series of Securities, as the case may be, the Company shall be deemed to have been discharged from its obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 11.4 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 11.4 and as more fully set forth in such Section 11.4, payments in respect of the principal of, premium, if any, and interest on such Securities when payments are due, (b) the Company's obligations with respect to such Securities under

Sections 2.7, 2.8, 8.4 and 8.17, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (d) this Article 11. Subject to compliance with this Article 11, the Company may exercise its option (if any) to have this Section 11.2 applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 11.3 applied to such Securities.

SECTION 11.3. Covenant Defeasance. Upon the Company's exercise of its option (if any) to have this Section 11.3 applied to any Securities or any series of Securities, as the case may be, (a) the Company shall be released from its obligations under Sections 8.1 (other than the obligation set forth in clause (i) of the last paragraph thereof, such delivery obligation to be fulfilled within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of the Partnership and within 120 days after the end of each fiscal year of the Partnership), 8.5 and 8.7 through 8.16, inclusive, 8.21 through 8.24 inclusive, 8.26 and 8.27 and any covenants provided pursuant to Section 2.3(s), 7.1(b) or 7.1(g) for the benefit of the Holders of such Securities and (b) the occurrence of any event specified in Sections 8.1 (other than the obligation set forth in clause (i) of the last paragraph thereof, such delivery obligation to be fulfilled within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of the Partnership and within 120 days after the end of each fiscal year of the Partnership) and 8.5 and 8.7 through 8.16, inclusive, 8.21 through 8.24 inclusive, 8.26 and 8.27 and any such covenants provided pursuant to Section 2.3(s), 7.1(b) or 7.1(g) shall be deemed not to be or result in an Event of Default in each case with respect to such Securities as provided in this Section 11.3 on and after the date the conditions set forth in Section 11.4 are satisfied (hereafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section, whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 11.4. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to the application of Section 11.2 or Section 11.3 to any Securities or any series of Securities, as the case may be:

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (i) money in an amount, or (ii) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (iii) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of, premium, if any, and interest on such Securities on the respective Stated Maturities or Redemption Dates, in accordance with the terms of this

Indenture and such Securities. As used herein, "U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(b) In the event of an election to have Section 11.2 apply to any Securities or any series of Securities as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this instrument, there has been a change in the applicable Federal income tax law, in either case (i) or (ii) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(c) In the event of an election to have Section 11.3 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities will not recognize gain or loss for Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(d) The Company shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

(e) No Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in Sections 4. 1 (g), (h) and (i), at any time on or prior to the 90th day after the date

of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(f) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(g) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under such Act or exempt from registration thereunder.

(h) At the time of such deposit, (i) no default in the payment of any principal of or premium or interest on any Securities shall have occurred and be continuing, (ii) no Event of Default with respect to any Securities shall have resulted in such Securities becoming, and continuing to be, due and payable prior to the date on which they would otherwise have become due and payable (unless payment of such Securities has been made or duly provided for), and (iii) no other Event of Default with respect to any Securities shall have occurred and be continuing permitting (after notice or lapse of time or both) the Holders of such Securities (or a Trustee on behalf of such Holders) to declare such Securities due and payable prior to the date on which they would otherwise have become due and payable.

(i) Any Securities that are to be redeemed in connection with any Defeasance or Covenant Defeasance shall be redeemed in accordance with arrangements satisfactory to the Trustee for the giving of irrevocable notice of redemption by the Trustee in the name, and at the expense of the Company.

(j) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

SECTION 11.5. Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions. Subject to the provisions of the last paragraph of Section 8.4, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 11.4 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 11.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article 11 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon receipt of a Company Request any money or U.S. Government Obligations held by it as provided in Section 11.4 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

SECTION 11.6. Reinstatement. If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article 11 with respect to any Securities by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Company has been discharged or released pursuant to Section 11.2 or 11.3 shall be revived and reinstated as though no deposit had occurred pursuant to this Article 11 with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 11.5 with respect to such Securities in accordance with this Article 11; provided however, that if the Company makes any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company, as the case may be, shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations so held in trust.

ARTICLE 12

PARTNERSHIP GUARANTEE

SECTION 12.1 Obligations Guaranteed. (a) The Partnership hereby guarantees, subject to the provisions of Section 13.2, to the Trustee for its own benefit and the benefit of the Holders from time to time (i) the full and prompt payment of the principal of and premium, if any, on the Securities and the indebtedness represented thereby, when and as the same shall become due and payable, whether at the Stated Maturity thereof, by acceleration, call for redemption or otherwise, (ii) the full and prompt payment of interest on the Securities when and as the same shall become due and payable (the guarantee in clauses (i) and (ii) collectively referred to as the "Partnership Guarantee"), and (iii) the full and prompt payment to the Trustee of all fees, costs, expenses, or other amounts payable to the Trustee under the Indenture when and as the same shall become due and payable. The Partnership hereby irrevocably and unconditionally agrees, subject to the provisions of Section 12.2 and Section 13.2

that upon any default by the Company in the payment, when due, of any principal of, premium, if any, or interest on the Securities, and after demand therefore being made upon the Company by the Trustee, the Partnership will promptly pay the same. All payments by the Partnership shall be paid in lawful money of the United States of America. Each and every default in the payment of the principal of, premium, if any, or interest on the Securities shall, subject to the provisions of Section 13.2, give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

(b) The Partnership further agrees, subject to the provisions of Section 12.2 and Section 13.2, that this Partnership Guarantee constitutes an absolute, present and continuing guarantee of payment and not of collection, and waives any right to require that any resort be had by the Trustee or the Holders of the Securities, after demand for such payment being made upon the Company by the Trustee, to the Trustee's or any Holder's rights against any other Person, or any other right or remedy available to the Trustee or any Holder of the Securities by contract, applicable law or otherwise. The obligations of the Partnership under this Partnership Guarantee are direct, unconditional and completely independent of the obligations of any other Person, and, subject to the provisions of Section 12.2; a separate cause of action or separate causes of action may be brought and prosecuted against the Partnership, after demand for payment being made upon the Company by the Trustee, without the necessity of joining the Company or any other party or previously proceeding with or exhausting any other remedy against any other Person who might have become liable for the indebtedness or of realizing upon any security held by or for the benefit of the Holders of the Securities.

SECTION 12.2. Obligations Unconditional. The obligations of the Partnership under this Partnership Guarantee shall, subject to the provisions of Section 13.2, be absolute and unconditional, and shall remain in full force and effect, until the entire principal of, premium, if any, and interest on the Securities shall have been paid in full or provided for and all costs, Trustee's fees and commissions, indemnitees, and expenses, if any, shall have been paid in full and, to extent permitted by law, such obligations shall not be affected, modified, released or impaired by any state of facts or the happening from time to time of any event, whatsoever, whether or not with notice to, or the consent of, the Partnership, except as set forth in Section 13.2 hereof.

SECTION 12.3. No Waiver or Set-off. No act of commission or omission of any kind or at any time upon the part of the Company or the Trustee, or their successors and assigns, in respect of any matter whatsoever shall in any way impair the rights of the Trustee to enforce any right, power or benefit under this Partnership Guarantee and no set-off, counterclaim, reduction, or diminution of any obligation, or any defense of a surety guarantor (other than performance by the Partnership of its obligations hereunder, or receipt by the Trustee of payment from the Company) which the Partnership has or may have against the Company or the Trustee or any assignee or successor thereof shall be available hereunder to the Partnership.

SECTION 12.4. Waiver of Notice; Expenses. The Partnership hereby expressly waives notice from the Trustee or the Holders from time to time of the Securities of their acceptance and reliance on this Partnership Guarantee of any action taken or omitted in reliance hereon. The Partnership further expressly waives diligence, presentment, demand for payment, protest, any requirement that any right or power be exhausted or any action be taken against the Company or the Partnership or against any Collateral. The Partnership agrees to pay all reasonable costs, Trustee's fees and commissions and expenses (including all court costs and reasonable attorneys' fees) which may be incurred by the Trustee in enforcing or attempting to enforce this Partnership Guarantee following any default on the part of the Partnership hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 12.5. Benefit and Enforcement. This Partnership Guarantee is given for the benefit of the Company and the Trustee and, subject to the terms and conditions set forth herein, including Section 4.7, the Holders from time to time of the Securities, all of whom shall be entitled in the same manner as set forth herein to enforce performance and observance of this Partnership Guarantee.

SECTION 12.6 Survival of Partnership Guarantee Obligation; Waiver of Subrogation. (a) If the Trustee receives any payment on account of the liabilities guaranteed hereunder, which payment or any part thereof is subsequently invalidated declared to be fraudulent or preferential, set aside and/or required to be transferred or repaid to a trustee, receiver, assignee for the benefit of creditors or any other party under any bankruptcy act or code, state or federal law of common law or equitable doctrine, then to the extent of any sum not finally retained by the Trustee, this Partnership Guarantee shall remain in full force and effect until the Partnership shall have made payment to the Trustee of such sum, which payment shall be due on demand.

(b) The Partnership hereby irrevocably waives any and all right to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder (i) to be subrogated to the rights of the Trustee or the Holders against the Company (or any Collateral) with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by the Company (or from the proceeds of the Collateral) in respect thereof, or (ii) to receive any payment, in the nature of contribution or for any other reason, from any other guarantor with respect to such payment.

SECTION 12.7. Pledge of Partnership Collateral. As security for the prompt payment and performance of all obligations of the Partnership under this Partnership Guarantee, the Partnership has entered into the Partnership Security Agreement to pledge, assign, hypothecate, bargain, sell, convey, mortgage and grant to the Collateral Agent a security interest in and general lien upon all of the Collateral owned by the Partnership. The pledge and assignment by the Partnership of such Collateral is collateral and security for the prompt payment and performance of the obligations of the Partnership under this Partnership Guarantee.

ARTICLE 13

LIMITATION OF LIABILITY

SECTION 13.1. Company. No recourse shall be had for the payment of the principal (or premium, if any) or the interest on any Security, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement in this Indenture or any other Transaction Agreement, against any Affiliate of the Company or any incorporator, stockholder, officer, employee, partner, member or director as such, past, present or future, of the Company or any Affiliate of the Company or of any predecessor or successor (either directly or through the Company or any such predecessor or successor), whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Company's obligation under the Securities, this Indenture and other Transaction Agreements and all the obligations are solely corporate obligations of the Company's, and that no personal liability whatsoever shall attach to, or be incurred by any Affiliate of the Company or any such incorporator, stockholder, officer, employee, partner, member or director, past, present or future, of the Company or any Affiliate of the Company or of any such predecessor or successor (either directly or indirectly through the Company or any such predecessor or successor), because of any of the obligations, covenants, promises or agreements contained in the Securities, this Indenture or any other Transaction Agreement or to be implied herefrom or therefrom; and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Indenture and the delivery of the Securities; provided, however, that nothing contained herein or in the Securities shall be taken to prevent the institution of proceedings against any Person in connection with the realization of the benefit of the Collateral granted under the Security Agreements; and provided, further, that nothing in this Section 13.1 shall relieve any Person of its obligations under this Indenture, the Securities or any other Transaction Agreement to which such Person is a party or limit or otherwise prejudice in any way the right of the Collateral Agent or the Trustee to proceed against any such Person with respect to the enforcement of such obligations.

SECTION 13.2. Partnership. Satisfaction of the obligations of the Partnership under this Instrument and the Securities shall be had solely from the assets of the Partnership. No recourse shall be had in the event of any non-performance by the Partnership of any such obligations to (a) any assets or properties of the Partners other than their respective interests in the Collateral or (b) any Partners or any Affiliate of any Partners or of the Partnership or any incorporator, stockholder, partner, member, officer, employee or director, past, present or future, of any such Partner or Affiliate or of any predecessor or successor (either directly or through either Partnership or any Partner or any such predecessor or successor), whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, and no judgment for any deficiency upon the obligations of the Partnership under this Indenture and the Securities shall be obtainable by the Collateral Agent or the Trustee against any Partner or any Affiliate of any Partner or of the Partnership or any

incorporator, stockholder, partner, member, officer, employee or director, past, present or future, of any Partner or Affiliate or of any predecessor or successor of any such Partner or Affiliate; provided, however, that nothing in this Section 13.2 shall relieve any Person of its obligations under any Transaction Agreement to which such Person is a party or limit or otherwise prejudice in any way the right of the Collateral Agent or the Trustee to proceed against such Person with respect to the enforcement of such obligations.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and their respective seals to be hereunto affixed and attested, all as of the day and year first above written.

KERN RIVER FUNDING CORPORATION

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

KERN RIVER GAS TRANSMISSION COMPANY
By: KERN RIVER ACQUISITION, LLC,
as General Partner

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

By: WILLIAMS WESTERN PIPELINE COMPANY, LLC,
as General Partner

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

THE CHASE MANHATTAN BANK,
as Trustee

By: /s/ Joanne Adamis

Name: Joanne Adamis
Title: Vice President

EXHIBIT A

[FORM OF FACE OF SECURITY]

[GLOBAL SECURITIES LEGEND]

[INCLUDE IF SECURITY IS A GLOBAL SECURITY - UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO KERN RIVER FUNDING CORPORATION ("THE COMPANY") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO. THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE CIRCUMSTANCES SET FORTH IN SECTION 2.7 OF THE INDENTURE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.7 OF THE INDENTURE. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.7 OF THE INDENTURE.]

[RESTRICTED SECURITIES LEGEND]

[INCLUDE IF SECURITY IS A RESTRICTED SECURITY OR A TEMPORARY REGULATION S GLOBAL SECURITY (UNLESS, PURSUANT TO SECTION 2.7, THE COMPANY DETERMINES THAT THE LEGEND MAY BE REMOVED) - THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED

THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO ANY EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRUSTEE SUCH CERTIFICATES AND OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

[Insert any legend required by the Internal Revenue Code of 1986, as amended, and the regulations thereunder.]

KERN RIVER FUNDING CORPORATION

6.676% Senior Note due 2016

No. ---------- $

KERN RIVER FUNDING CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ______, or registered assigns, [INCLUDE IF THIS SECURITY IS A GLOBAL SECURITY -- the Initial Principal Amount specified on Schedule A hereto (such Initial Principal Amount, as it may from time to time be adjusted by endorsement on Schedule A hereto, is hereinafter referred to as the "Principal") [INCLUDE IF THIS SECURITY IS NOT A GLOBAL SECURITY -- the principal sum of Dollars (the "Principal Amount")] on _________ [if the Security is to bear interest prior to Maturity, insert --, and to pay interest thereon from [________] or from the most recent Interest Payment Date to which interest has been paid or duly provided for, monthly on the last day of each month, commencing [________], at the rate of [__]% per annum (computed on the basis of a 360-day year of twelve 30-day months), until the principal hereof is paid or made available for payment [if applicable, insert --, provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day of the month (whether or not a Business Day), in which each applicable Interest Payment Date shall occur. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert -- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of ___% per

annum, (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. [Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of ___% per annum (to the extent that the payment of such interest on interest shall be legally enforceable) from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]]

Payment of the principal of (and premium, if any) and [if applicable, insert - any such interest] on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [if applicable, insert --; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register], provided, further, that, in the case of an Installment Security, payment of principal and premium, if any, shall also be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Registrar without any requirement for the presentation and surrender of such Security at such office or agency, except in connection with a redemption or the final principal payment thereon.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

KERN RIVER FUNDING CORPORATION,
As Issuer

By

KERN RIVER GAS TRANSMISSION COMPANY,
As Guarantor

By

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

THE CHASE MANHATTAN BANK
As Trustee

By
Authorized Officer

[FORM OF REVERSE OF SECURITY]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under a Trust Indenture, dated as of August 13, 2001(as the same may be amended or supplemented from time to time the "Indenture"), among Kern River Funding Corporation, as issuer (the "Company"), Kern River Gas Transmission Company, as guarantor (the "Partnership"), and The Chase Manhattan Bank, as trustee (the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Partnership, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [if applicable, insert --, limited in principal amount to $510,000,000.

If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert -- (1) on _______ in any year commencing with the year ______ and ending with the year ______ through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount hereof, and (2)] at any time [if applicable, insert -- on or after ________, __], as a whole or in part, at the election of the Company at a Redemption Price equal to 100% of the principal amount hereof plus the Economic Make-Whole Premium, with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof all as provided in the Indenture.]

[if applicable, insert -- The sinking fund for this series provides for the redemption on __________ in each year ________ beginning _________ with the year _________ and ending with the year ______________ of [if applicable, insert -- not less than $_______("mandatory sinking fund") and not more than] $__________ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [if applicable, insert -- mandatory] sinking fund payments may be credited against subsequent [if applicable, insert -- mandatory] sinking fund payments otherwise required to be made [if applicable, insert --, in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert -- Except in the case of an Installment Security, in the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.)

[If applicable, insert -- The indenture contains provisions for defeasance at any time of [the entire indebtedness of this Security] [or] [certain restrictive covenants and

Events of Default with respect to this Security] [, in each case] upon compliance with certain conditions set forth in the Indenture.]

[If the Security is not an Original Issue Discount Security, insert -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

If the Security is an Original Issue Discount Security, insert - -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable) all of the Company's obligations in respect of the payment of the principal of and principal and interest, if any, on the Securities of this series shall terminate.]

Subject to certain limitations in the Indenture, at any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), upon the request of a Holder of a Security [or of a beneficial owner of an interest in a Global Security], the Company will promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder [or beneficial owner), or to a prospective purchaser of a Security [or a beneficial interest in a Global Security] designated by such Holder [or beneficial owner of such interest], in order to permit compliance by such Holder [or beneficial owner] with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Partnership and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company, the Partnership and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentage in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity.

The foregoing shall not apply to any suit by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair (i) the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed or (ii) the unconditional guarantee of the Partnership of the obligations of the Company under this Security and the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company maintained for such purpose in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $100,000 and any integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and none of the Company, the Trustee and any such agent shall be affected by notice to the contrary.

Each holder, by acceptance of this Security, hereby acknowledges and agrees that (i) no recourse shall be had for the payment of the principal of or the interest on this Security, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented hereby against any Affiliate of the Company (other than the Partnership) or any incorporator, stockholder, officer, employee or director, as such, present or future, of the Company or any Affiliate of the Company or of any predecessor or successor, all as provided in Section 13.1 of the Indenture and (ii) no recourse shall be had in the event of any non-performance by the Partnership of any obligations of the Partnership under this Security or the Indenture to the Partners or any Affiliate thereof or to any assets or properties of the Partners other than their respective interests in the Collateral, all as provided in Section 13.2 of the Indenture.

The Securities are subject to a Collateral Agency Agreement dated as of August 13, 2001 pursuant to which the rights of the Senior Parties (including the Holders of the Securities and certain other creditors of the Company and the Partnership) in respect of the Collateral will be shared among the Senior Parties and will be exercised by the Collateral Agent in accordance with the Collateral Agency Agreement.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[IF SECURITY IS A GLOBAL SECURITY, INSERT AS A SEPARATE PAGE] --

THE INITIAL PRINCIPAL AMOUNT OF THIS GLOBAL SECURITY IS ______.

Schedule A

SCHEDULE OF ADJUSTMENTS

Date adjustment made	Principal amount of increase	Principal amount of decrease	Principal amount following adjustment	Notation made on behalf of the Security Registrar
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EXHIBIT B

FORM OF TRANSFER CERTIFICATE
FOR EXCHANGE OR TRANSFER FROM RESTRICTED GLOBAL SECURITY TO REGULATION S GLOBAL SECURITY
(TRANSFERS PURSUANT TO SECTION 2.7(c)(v)(B) OF THE INDENTURE)

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, New York 10001
Attn.: Institutional Trust Services

Re: Kern River Funding Corporation
6.676% Senior Notes Due 2016 (the "Securities")

Reference is hereby made to the Trust Indenture, dated as of August 13, 2001 (the "Indenture"), among Kern River Funding Corporation, as issuer (the "Company") Kern River Gas Transmission Company, as guarantor, and The Chase Manhattan Bank, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US$510,000,000 principal amount of Securities which are evidenced by one or more Restricted Global Securities (CUSIP No. 49228RAC7) and held with the Depository in the name of [Insert Name of Transferor] (the "Transferor"). The Transferor has requested a transfer of such beneficial interest in the Securities to a Person who will take delivery thereof in the form of an equal principal amount of Securities evidenced by one or more Regulation S Global Securities (ISIN No. USU4912PAC42), which amount, immediately after such transfer, is to be held with the Depository through Euroclear or Clearstream or both (Common Code ________).

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such transfer has been effected pursuant to and in accordance with Rule 903 or Rule 904 under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor does hereby further certify that:

(a) the offer of the Securities was not made to a person in the United States;

(b) either:

(i) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed and believes that the transferee was outside the United States; or

(ii) the transaction was executed in, or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States;

(c) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(e) upon completion of the transaction, the beneficial interest being transferred as described above is to be held with the Depository through Euroclear or Clearstream or both (Common Code ___).

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the underwriters or initial purchasers, if any, of the initial offering of such Securities being transferred. Terms used in this certificate and not otherwise defined in the Indenture have the meanings set forth in Regulation S under the Securities Act.

[Insert Name of Transferor]

Name:
Title:

Dated: _____________, ____

cc: Kern River Funding Corporation

EXHIBIT C

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER OR EXCHANGE FROM REGULATION S
GLOBAL SECURITY TO RESTRICTED GLOBAL SECURITY
(TRANSFERS PURSUANT TO SECTION 2.7(c)(v)(D)
OF THE INDENTURE)

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, New York 10001
Attn.: Institutional Trust Services

Re: Kern River Funding Corporation
6.676% Senior Notes Due 2016 (the "Securities")

Reference is hereby made to the Trust Indenture, dated as of August 13, 2001 (the "Indenture"), among Kern River Funding Corporation, as issuer (the "Company") Kern River Gas Transmission Company, as guarantor, and The Chase Manhattan Bank, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US$510,000,000 principal amount of Securities which are evidenced by one or more Regulation S Global Securities (ISIN No. USU4912PAC42) and held with the Depository through [Euroclear] [Clearstream] (Common Code ______) in the name of [Insert Name of Transferor] (the "Transferor"). The Transferor has requested a transfer of such beneficial interest in the Securities to a Person who will take delivery thereof in the form of an equal principal amount of Securities evidenced by one or more Restricted Global Securities (CUSIP No. 49228RAC7), to be held with the Depository.

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such transfer has been effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor does hereby further certify that the Securities are being transferred to a Person that the Transferor reasonably believes is purchasing the Securities for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable blue sky or securities laws or any state of the United States.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the underwriters and initial purchasers, if any, of the Securities being transferred.

[Insert Name of Transferor]

Name:
Title:

Dated: ______________, ____

cc: Kern River Funding Corporation

EXHIBIT D

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER OR EXCHANGE
OF RESTRICTED SECURITY
(TRANSFERS PURSUANT TO SECTION 2.7(b) OR 2.7(c)(v)(E)
OF THE INDENTURE)

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, New York 10001
Attn.: Institutional Trust Services

Re: Kern River Funding Corporation
6.676% Senior Notes Due 2016 (the "Securities")

Reference is hereby made to the Trust Indenture, dated as of August 13, 2001 (the "Indenture"), among Kern River Funding Corporation, as issuer (the "Company") Kern River Gas Transmission Company, as guarantor, and The Chase Manhattan Bank, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US$510,000,000 principal amount of Securities presented or surrendered on the date hereof (the "Surrendered Securities") which are registered in the name of [Insert Name of Transferor] (the "Transferor"). The Transferor has requested a transfer of such Surrendered Securities to a Person other than the Transferor (each such transaction being referred to herein as a "transfer").

In connection with such request and in respect of such Surrendered Securities, the Transferor does hereby certify that:

[CHECK ONE]

[ ] (a) the Surrendered Securities are being transferred to the Company;

or

[ ] (b) the Surrendered Securities are being transferred pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933 (the "Securities Act") and, accordingly, the Transferor does hereby further certify that the Surrendered Securities are being transferred to a Person that

the Transferor reasonably believes is purchasing the Surrendered Securities for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable blue sky or securities laws of any state of the United States;

or

[ ] (c) the Surrendered Securities are being transferred pursuant to and in accordance with Regulation S under the Securities Act, and

(i) the offer of the Surrendered Securities was not made to a person in the United States;

(ii) either:

(A) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed and believes that the transferee was outside the United States, or

(B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States;

(iii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(iv) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

[ ] (d) the Surrendered Securities are being transferred in a transaction permitted by Rule 144 under the Securities Act and in accordance with any applicable blue sky securities laws of any state of the United States.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the underwriters and initial purchasers, if any, of the Securities being transferred. Terms used in this certificate and not otherwise defined in the Indenture have the meanings set forth in Regulation S under the Securities Act.

[Insert Name of Transferor]

Name:
Title:

Dated: ______________, ____

cc: Kern River Funding Corporation

EXHIBIT E

FORM OF LETTER TO BE DELIVERED BY ACCREDITED INVESTORS

Kern River Funding Corporation
One Williams Center
Tulsa, Oklahoma 74172

Credit Suisse First Boston Corporation,
as representative of the several Purchasers

c/o Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010-3629

Dear Sirs:

We are delivering this letter in connection with an offering of $510,000,000 6.676% Senior Notes Due 2016 (the "Securities") of Kern River Funding Corporation, a Delaware corporation (the "Company"), all as described in the Confidential Offering Circular (the "Offering Circular") relating to the offering.

We hereby confirm that:

(i) we are an "accredited investor" within the meaning of Rule 501(a)(1), (2) or (3) under the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are accredited investors within the meaning of Rule 501(a)(1), (2) or (3) under the Securities Act (an "Institutional Accredited Investor");

(ii) (A) any purchase of the Securities by us will be for our own account or for the account of one or more other Institutional Accredited Investors or as fiduciary for the account of one or more trusts, each of which is an "accredited investor" within the meaning of Rule 501(a)(7) under the Securities Act and for each of which we exercise sole investment discretion or (B) we are a "bank", within the meaning of Section 3(a)(2) of the Securities Act, or a "savings and loan association" or other institution described in Section 3(a)(5)(A) of the Securities Act that is acquiring the Securities as fiduciary for the account of one or more institutions for which we exercise sole investment discretion,

(iii) in the event that we purchase any of the Securities, we will acquire Securities having a minimum purchase price of not less than $100,000 for our own account or for any separate account for which we are acting;

(iv) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing the Securities;

(v) we are not acquiring the Securities with a view to distribution thereof or with any present intention of offering or selling any of the Securities, except inside the United States in accordance with Rule 144A under the Securities Act or outside the United States under Regulation S under the Securities Act, as provided below; provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our control; and

(vi) we have received a copy of the Offering Circular relating to the offering of the Securities and acknowledge that we have had access to financial and other information, and have been afforded the opportunity to ask questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Securities.

We understand that the Securities are being offered in a transaction not involving any public offering within the United States within the meaning of the Securities Act and that the Securities have not been registered under the Securities Act, and we agree, on our own behalf and on behalf of each account for which we acquire any Securities, that if in the future we decide to resell, pledge or otherwise transfer the Securities, the Securities may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person who we reasonably believe is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction in accordance with Rule 904 under the Securities Act, (iii) under an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (iv) under an effective registration statement under the Securities Act, in each of cases (i) through (iv), subject to any applicable securities laws of any State of the United States or any other applicable jurisdiction. We understand that the registrar and transfer agent for the Securities, will not be required to accept for registration of transfer any Securities acquired by us, except upon presentation of evidence satisfactory to the Company and the transfer agent that the foregoing restrictions on transfer have been complied with. We further understand that any Securities acquired by us, will be in the form of definitive physical certificates and that the certificates will bear a legend reflecting the substance of this paragraph.

We acknowledge that you, the Company and others will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Date: --------------------------

(Name of Purchaser)

By: ------------------------------
Name:
Title:
Address:

EXHIBIT 10(c)

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (herein called this "Amendment"), dated as of February 7, 2002, is entered into by and among the Borrowers party to the Credit Agreement (as hereinafter defined), the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Documentation Agent as named therein and Citibank, N.A., as agent for the Banks (in such capacity, the "Agent"). Except as otherwise defined or as the context requires, terms defined in the Credit Agreement are used herein as therein defined.

WITNESSETH:

WHEREAS, The Williams Companies, Inc., a Delaware Corporation ("TWC"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL"), Texas Gas Transmission Corporation, a Delaware corporation ("TGT"; TWC, NWP, TGPL and TGT each a "Borrower" and collectively, the "Borrowers") have entered into a certain Credit Agreement dated as of July 25, 2000 with the financial institutions from time to time party thereto (the "Banks"), The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent (the "Original Credit Agreement"), which Original Credit Agreement has been amended by a letter agreement dated as of October 10, 2000, and by a Waiver and First Amendment dated as of January 31, 2001 (the Original Credit Agreement, as so amended to the date hereof, the "Credit Agreement");

WHEREAS, the Borrowers and the Banks now desire to amend the Credit Agreement in certain respects, as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrowers and the Banks hereby agree as follows:

SECTION 1. Amendment of Section 1.01 of the Credit Agreement. Section 1.01 of the Credit Agreement is hereby amended as follows:

(a) The definition of "Debt" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any

Lien on or in respect of any property of such Person; provided, however, that (w) Debt shall not include any obligations of the Borrower in respect of the FELINE PACS; (x) Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule III, paragraph (y) of Schedule IV, paragraph (y) of Schedule V, or paragraph (y) of Schedule VI; (y) in the case of TWC, Debt shall not include any contingent obligation of TWC relating to indebtedness incurred by any SPV, WCG or a WCG Subsidiary pursuant to the WCG Structured Financing (except that in the event that the WCG Refinancing Transaction shall have occurred, then Debt shall include the aggregate amount of the WCG Structured Financing for which TWC or any of its Subsidiaries shall have become directly and primarily liable); and (z) it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as operating leases.

(b) The following definition of "FELINE PACS" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"FELINE PACS" means those certain units, as described in TWC's prospectus supplement dated January 7, 2002, issued by TWC in January, 2002 in an aggregate face amount of $1,100,000,000.

(c) The definition of "Net Worth" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Net Worth" of any Person means, as of any date of determination the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of TWC in respect of the FELINE PACS.

(d) The definition of "WCG Note" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Note" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

(e) The definition of "WCG Refinancing Transaction" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Refinancing Transaction" means any transaction or series of related transactions pursuant to which TWC or any Subsidiary of TWC becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate amount not exceeding the outstanding principal amount of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any

premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which TWC or any Subsidiary of TWC issues debt securities of TWC or any Subsidiary of TWC, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by TWC or any Subsidiary of TWC, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior Notes were issued, or (v) TWC or any Subsidiary of TWC making any payments in respect of the WCG Senior Notes or the WCG Note.

(f) The definition of "WCG Reimbursement Obligations" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Reimbursement Obligations" means any obligations of any WCG Subsidiary in favor of TWC, any Subsidiary of TWC or the WCG Senior Notes Issuer pursuant to which such WCG Subsidiary has agreed to pay TWC, any Subsidiary of TWC or the WCG Senior Notes Issuer an amount equal to or less than the total amount of the obligations incurred by TWC and/or its Subsidiaries in connection with the WCG Refinancing Transaction, including, without limitation, in respect of principal, interest, fees and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes.

(g) The definition of "WCG Senior Notes" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Senior Notes" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

(h) The definition of "WCG Senior Notes Issuer" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Senior Notes Issuer" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

SECTION 2. Amendment of Section 5.02. Section 5.02 of the Credit Agreement is hereby amended as follows:

(a) Clause (c) of Section 5.02 is hereby amended by deleting the word "or" at the end of subclause (iii) thereof, deleting the period at the end of subclause (iv) thereof and inserting "; or" in its place, and inserting the following new subclause (v) immediately following the existing clause (iv):

"(v) Williams Pipeline Company, LLC from (1) selling, conveying or otherwise transferring all or substantially all of its assets to another Person or (2) merging or consolidating with or into another Person, in either case, for fair-market value and on commercially reasonable terms and conditions in the good faith judgment of TWC."

(b) Clause (e) of Section 5.02 is hereby amended and restated to read in its entirety as follows:

"(e) Loans and Advances; Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that a Borrower and its Subsidiaries may (i) permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit E hereof (and such WCG Subsidiaries may permit such loans and advances to remain outstanding), (ii) purchase or acquire the WCG Senior Notes or the WCG Note pursuant to the WCG Refinancing Transaction, and (iii) purchase or acquire and permit to remain outstanding, the WCG Reimbursement Obligations. Except for those investments in existence on the date hereof and listed on Exhibit E hereof, purchases or acquisitions pursuant to the WCG Refinancing Transaction and purchases or acquisitions of WCG Reimbursement Obligations, no Borrower shall, and no Borrower shall permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary."

(c) Clause (i) of Section 5.02 is hereby amended by deleting the period at the end of the existing clause (i) and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of TWC or any Subsidiary of TWC from incurring liability pursuant to the WCG Refinancing Transaction."

(d) The last sentence of clause (k) of Section 5.02 is hereby amended by deleting the period at the end of the last sentence of the existing clause (k) and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of TWC or any Subsidiary of TWC to use the proceeds of any Advance to own, purchase or acquire the WCG Senior Notes pursuant to the WCG Refinancing Transaction."

SECTION 3. Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment, each of the Borrowers hereby reaffirms as to itself and its Subsidiaries, as of the date hereof, its representations and warranties contained in Article IV of the Credit Agreement (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) Each Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of each Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of a Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of such Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by each Borrower of this Amendment and the consummation of the transactions contemplated by this Amendment are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting such Borrower and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Borrower of this Amendment or the consummation of the transactions contemplated by this Amendment.

(d) This Amendment has been duly executed and delivered by each Borrower. This Amendment and the Credit Agreement as amended by this Amendment are the legal, valid and binding obligations of each Borrower enforceable against each Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings and except for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws, there is, as to each of the Borrowers, no pending or, to the knowledge of such Borrower, threatened action or proceeding affecting such Borrower or any material Subsidiary of such Borrower (or in the case of TWC, the Borrowers, any Subsidiary of a Borrower or any WCG Subsidiary) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of such Borrower and its Subsidiaries taken as

a whole or which purports to affect the legality, validity, binding effect or enforceability of this Amendment, the Credit Agreement or any Note. For the purposes of this Section, "Public Filings" shall mean the respective annual reports of TWC or any other Borrower on Form 10-K or Form 10-K/A for the year ended December 31, 2000, and TWC's and the Borrowers' respective quarterly reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001.

(f) Upon giving effect to this Amendment, no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 4. Conditions to Effectiveness. The effectiveness of this Amendment is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Amendment executed by each of the Borrowers, the Agent and Banks constituting not less than the Majority Banks;

(b) A certificate of the Secretary or Assistant Secretary of each of the Borrowers as to (i) any changes (or the absence of changes) since July 25, 2000 to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of such Borrower authorizing the execution of this Amendment and (iii) the names and true signatures of the officers authorized to execute this Amendment;

(c) An opinion of William G. von Glahn, General Counsel of the Borrower, substantially in the form of Exhibit A hereto; and

(d) Such other documents as the Agent shall have reasonably requested.

SECTION 5. Effect. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Credit Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as amended hereby.

SECTION 6. Fees. TWC shall pay (a) to each Bank that shall have approved this Amendment and shall have delivered to the Agent a duly executed counterpart hereof not later than 12:00 p.m. central standard time on February 7, 2002, a fee equal to 0.25% of each such Bank's respective Commitment, and (b) to each other Bank that shall have approved this Amendment and shall have delivered a duly executed counterpart hereof not later than 12:00 p.m. central standard time on February 14, 2002, a fee equal to 0.10% of each such other Bank's respective Commitment.

SECTION 7. Governing Law, Etc. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICT OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Whenever possible each provision of this

Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

SECTION 8. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing one or more counterparts.

SECTION 9. Successors and Assigns. This Amendment shall be binding upon each of the Borrowers, the Agent and the Banks and their respective successors and assigns, and shall inure to the benefit of each of the Borrowers, the Agent and the Banks and the successors and assigns of the Banks.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, to be effective as of the date first written above.

BORROWERS:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

TEXAS GAS TRANSMISSION CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

NORTHWEST PIPELINE CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

AGENT:

CITIBANK, N.A., as Agent

By: /s/ Todd J. Mogil

Authorized Officer

Date: ____________________, 2002

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
as Co-Syndication Agent

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

COMMERZBANK AG,
as Co-Syndication Agent

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

By: /s/ D. L. Ward, Jr.

Assistant Vice President
Authorized Officer

Date: ____________________, 2002

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH,
as Documentation Agent

By: /s/ Bernard Weymuller

Senior Vice President
Authorized Officer

Date: ____________________, 2002

BANKS:

CITIBANK, N.A.

By: /s/ Todd J. Mogil

Authorized Officer

Date: _____________________, 2002

THE BANK OF NOVA SCOTIA

By: /s/ M. D. Smith

Agent
Authorized Officer

Date: ____________________, 2002

BANK OF AMERICA, N.A.

By: /s/ Claire Lui

Authorized Officer

Date: ____________________, 2002

BANK ONE NA (CHICAGO)

By: /s/ Dianne L. Russell

Authorized Officer

Date: ____________________, 2002

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

By: /s/ D. L. Ward, Jr.

Assistant Vice President
Authorized Officer

Date: ____________________, 2002

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Bernard Weymuller

Senior Vice President
Authorized Officer

Date: ____________________, 2002

THE FUJI BANK, LIMITED

By: /s/ Jacques Azagury

Senior Vice President & Manager
Authorized Officer

Date: ____________________, 2002

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ Patricia J. Dundee

Name: Patricia J. Dundee
Title: Senior Vice President

Date: _____________________, 2002

ABN AMRO BANK, N.V.

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

BANK OF MONTREAL

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer

Vice President
Authorized Officer

Date: ____________________, 2002

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Director, Loan Transaction Management
Authorized Officer

Date: ____________________, 2002

CIBC INC.

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

CREDIT SUISSE FIRST BOSTON

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner

Senior Manager
Authorized Officer

Date: ____________________, 2002

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By:

Authorized Officer

Date: ____________________, 2002

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: _____________________, 2002

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ J. Douglas McMurray, Jr.

Managing Director
Authorized Officer

Date: ____________________, 2002

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By: /s/ Michael N. Oakes

Senior Vice President
Authorized Officer
The Industrial Bank of Japan, Limited,
Houston Office
(Authorized Representative)

Date: _____________________, 2002

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Vice President
Authorized Officer

Date: ____________________, 2002

UBS AG, STAMFORD BRANCH

By: /s/ Patricia O'Kicki

Director, Banking Products Services
Authorized Officer

By: /s/ Wilfred V. Saint

Associate Director, Banking
Products Services US
Authorized Officer

Date: ______________________, 2002

WELLS FARGO BANK TEXAS, N.A.

By: /s/ J. Alan Alexander

Vice President
Authorized Officer

Date: _____________________, 2002

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ Salvatore Battinelli

Managing Director Credit Department
Authorized Officer

By: /s/ Jeffrey S. Davidson

Associate Director
Authorized Officer

Date: ---------------------, 2002

CREDIT AGRICOLE INDOSUEZ

By: /s/ Brian Knezeak

First Vice President
Authorized Officer

By: /s/ Mark Lvoff

First Vice President, Head of
Energy Platform
Authorized Officer

Date: ____________________, 2002

SUNTRUST BANK

By: /s/ Signature not legible

Authorized Officer

Date: ____________________, 2002

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Maureen Carson

Authorized Officer

Date: ______________________, 2002

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich

Deputy General Manager
Authorized Officer

Date: ____________________, 2002

BANK OF CHINA, NEW YORK BRANCH

By:

Authorized Officer

Date: ____________________, 2002

BANK OF OKLAHOMA, N.A.

By: /s/ Robert D. Mattax

SVP
Authorized Officer

Date: _____________________, 2002

BNP PARIBAS, HOUSTON AGENCY

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: _____________________, 2002

DZ BANK AG
DEUTSCHE ZENTRAL-GENNOSSENSCHAFTS
BANK, NEW YORK BRANCH

By: /s/ William Klun

VP
Authorized Officer

By: /s/ Richard W. Wilbert

Vice President
Authorized Officer

Date: _____________________, 2002

KBC BANK N.V.

By: /s/ Robert Snauffer

First Vice President
Authorized Officer

By: /s/ Signature not legible

Vice President
Authorized Officer

Date: ____________________, 2002

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ C. Michael Garrido

Senior Vice President
Authorized Officer

Date: ______________________, 2002

COMMERCE BANK, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: _____________________, 2002

RZB FINANCE LLC

By:

Authorized Officer

By:

Authorized Officer

Date: ______________________, 2002

FIRST UNION NATIONAL BANK

By: /s/ First Union National Bank

Senior Vice President
Authorized Officer

Date: ____________________, 2002

EXHIBIT 10(f)

LIMITED WAIVER AND SECOND AMENDMENT TO CREDIT AGREEMENT

THIS LIMITED WAIVER AND SECOND AMENDMENT TO CREDIT AGREEMENT (herein called this "Amendment"), dated as of July 24, 2001, is entered into by and among The Williams Companies, Inc., a Delaware corporation, as Borrower pursuant to the Credit Agreement (as hereinafter defined), the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Co-Documentation Agents as named therein and Citibank, N.A., as agent for the Banks (in such capacity, the "Agent"). Except as otherwise defined or as the context requires, terms defined in the Credit Agreement are used herein as therein defined.

WITNESSETH:

WHEREAS, The Williams Companies, Inc. ("TWC" or the "Borrower") has entered into a certain Credit Agreement dated as of July 25, 2000 with the financial institutions from time to time party thereto (the "Banks"), The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent (the "Original Credit Agreement"), which Credit Agreement has been amended by a Waiver and First Amendment to Credit Agreement dated as of January 31, 2001 (the Original Credit Agreement, as so amended, the "Credit Agreement");

WHEREAS, the Borrower and the Banks now desire to amend the Credit Agreement in certain respects, as hereinafter provided;

WHEREAS, the Borrower has requested waivers of certain provisions of the Credit Agreement; and

WHEREAS, the Banks wish to name Bank of America, N.A. and Credit Lyonnais as Co-Documentation Agents and to replace the Documentation Agent with the Co-Documentation Agents for purposes of the Credit Agreement and each document related thereto;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrower and the Banks hereby agree as follows:

SECTION 1. Amendment of Section 1.1 of the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended as follows:

(a) The following definitions of "B of A" and "Co-Documentation Agent" are added to such Section 1.1 in appropriate alphabetical order:

"B of A" means Bank of America, National Association.

"Co-Documentation Agent" means either of B of A or Credit Lyonnais, together with the successors and assigns of each in such capacity.

(b) The definition of "Commitment" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Commitment" of any Bank means at any time the amount set opposite such Bank's name on Schedule IV or as reflected for such Bank in the relevant Transfer Agreement to which it is a party, as such amount may be terminated, reduced or increased after the date hereof pursuant to Section 2.4, Section 2.17, Section 6.1 or Section 8.6(a).

(c) The definition of "Consolidated" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Consolidated" refers to the consolidation of the accounts of any Person and its subsidiaries in accordance with generally accepted accounting principles.

(d) The definition of "Consolidating" in such Section 1.1 is hereby deleted in its entirety.

(e) The definition of "Designated Minority Interests" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Designated Minority Interests" of the Borrower means, as of any date of determination, the total of the minority interests in the following Subsidiaries: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, (vi) the Midstream Asset MLP, and (vii) other Subsidiaries, as presented in the Consolidated balance sheet of the Borrower, in an amount not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in items (i) through (vi); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests."

(f) The definition of "Designating Bank" in such Section 1.1 is amended and restated in its entirety to read as follows:

"Designating Bank" has the meaning specified in Section 8.6(g).

(g) The definition of "Documentation Agent" in such Section 1.1 is hereby deleted.

(h) The definition of "Domestic Lending Office" in such Section 1.1 is amended and restated in its entirety to read as follows:

"Domestic Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the relevant Transfer Agreement delivered pursuant to Section 8.6(a), or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Agent.

(i) The following definition of "Eligible Assignee" is added to Section 1.1 of the Credit Agreement in appropriate alphabetical order:

"Eligible Assignee" means (i) any Bank, (ii) any affiliate of any Bank, and (iii) any other Person not covered by clause (i) or (ii) of this definition (A) so long as no Event of Default has occurred and is continuing, with the consent of the Borrower and the Agent (which consents shall not be unreasonably withheld) or (B) if (x) any Event of Default has occurred and is continuing or (y) any event or condition which, upon the giving of notice or passage of time or both, would constitute an Event of Default has occurred or exists and is continuing, without any requirement for consent by the Agent or the Borrower; provided, however, that neither the Borrower nor any affiliate of the Borrower shall be an Eligible Assignee.

(j) The definition of "Eurodollar Lending Office" in such Section 1.1 of the Credit Agreement is amended and restated to read in its entirety, as follows:

"Eurodollar Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the relevant Transfer Agreement delivered pursuant to Section 8.6(a) (or, if no such office is specified, its Domestic Lending Office) or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Agent.

(k) The following definition of "Register" is added to Section 1.1 of the Credit Agreement in appropriate alphabetical order:

"Register" shall mean the books and accounts maintained by the Agent of the interests of each Bank under this Agreement and its Commitments and Advances, including records of transfers of any interests in this Agreement and the Commitment and Advances (if any) of any Bank pursuant to Section 8.6 and the records maintained by the Agent pursuant to Section 2.9.

(l) The definition of "SPC" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"SPC" has the meaning specified in Section 8.6(g).

(m) The definition of "Subsidiary" in such Section 1.1 is hereby amended and restated in its entirety to read as follows:

"Subsidiary" of any Person means any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

(n) The definition of "Transfer Agreement" in such Section 1.1 is amended and restated in its entirety to read as follows:

> "Transfer Agreement" means an agreement executed pursuant to Section 8.6 by an assignor Bank and assignee Bank substantially in the form of Exhibit F, which agreement shall be executed by the Borrower and the Agent to evidence the consent of each if such consent is required pursuant to the terms of Section 8.6.

SECTION 2. Amendment of Section 2.11. Clause (c) of Section 2.11 of the Credit Agreement is hereby amended by replacing the phrase "all of the provisions of the last sentence of Section 8.6(a)" in such clause (c) with the phrase "all of the provisions of the second and third sentences of Section 8.6(a), and clauses (b) and (d) of Section 8.6."

SECTION 3. Amendment of Section 4.1(e). Section 4.1(e) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> (e) The Consolidated balance sheets of the Borrower and its Subsidiaries as at December 31, 2000, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the Consolidated balance sheet of the Borrower and its Subsidiaries as at March 31, 2001, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the three months then ended, duly certified by an authorized financial officer of the Borrower, copies of which have been furnished to each Bank, fairly present, (in the case of such balance sheets as at March 31, 2001, and such statements of income and cash flows for the three months then ended, subject to year-end audit adjustments) the Consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated results of operations of the Borrower and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2001, there has been no material adverse change in the condition or operations of the Borrower or its Subsidiaries.

SECTION 4. Amendment of Section 4.1(h). The last sentence of Section 4.1(h) of the Credit Agreement is hereby amended by deleting the parenthetical "(including the WCG Subsidiaries)" therefrom.

SECTION 5. Amendment of Section 4.1(j). Section 4.1(j) of the Credit Agreement is hereby amended by deleting the parenthetical "(including any material WCG Subsidiaries)" wherever it appears in such Section.

SECTION 6. Amendment of Section 4.1(k). [Intentionally Blank.]

SECTION 7. Amendment of Section 4.1(m). Section 4.1(m) of the Credit Agreement is hereby amended by deleting the last sentence thereof.

SECTION 8. Amendment of Section 5.1(b)(ii). Section 5.1(b)(ii) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(ii) as soon as available and in any event not later than 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and the Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an authorized financial officer of the Borrower as having been prepared in accordance with generally accepted accounting principles; provided that, if any financial statement referred to in this clause (ii) of Section 5.1(b) is readily available on-line through EDGAR as of the date on which such financial statement is required to be delivered hereunder, the Borrower shall not be obligated to furnish copies of such financial statement. An authorized financial officer of the Borrower shall furnish a certificate (a) stating that he has no knowledge that an Event of Default, or an event which, with notice or lapse of time or both, would constitute an Event of Default has occurred and is continuing or, if an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof and the action, if any, which the Borrower proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Section 5.2(b).

SECTION 9. Amendment of Section 5.1(b)(iii). Section 5.1(b)(iii) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(iii) as soon as available and in any event not later than 105 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, including therein Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case prepared in accordance with generally accepted accounting principles and certified by Ernst & Young, LLP or other independent certified public accountants of recognized standing acceptable to the Majority Banks; provided that if any financial statement referred to in this clause (iii) of Section 5.1(b) is readily available on-line through EDGAR as of the date on which such financial statement is required to be delivered hereunder, the Borrower shall not be obligated to furnish copies of such financial statement. The Borrower shall also deliver in conjunction with such financial statements, a certificate of such accounting firm to the Banks (a) stating that, in the course of the regular audit of the business of the Borrower and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that an Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing, or if, in the opinion of such accounting firm, an Event of Default or such an event has occurred and is

continuing, a statement as to the nature thereof, and (b) showing in detail the calculations supporting such statement in respect of Section 5.2(b).

SECTION 10. Amendment of Section 5.1(b)(vi). Section 5.1(b)(vi) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(vi) as soon as possible and in any event within 30 Business Days after the Borrower or any ERISA Affiliate knows or has reason to know (A) that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Plan has occurred that could have a material adverse effect on the Borrower or any material Subsidiary of the Borrower or any ERISA Affiliate or (B) that any other Termination Event with respect to any Plan has occurred or is reasonably expected to occur that could have a material adverse effect on the Borrower or any material Subsidiary of the Borrower or any ERISA Affiliate, a statement of the chief financial officer or chief accounting officer of the Borrower describing such Termination Event and the action, if any, which the Borrower or such Subsidiary or ERISA Affiliate proposes to take with respect thereto;

SECTION 11. Amendment of Section 5.2(g) of the Credit Agreement. Section 5.2(g) of the Credit Agreement is hereby amended by deleting the parenthetical "(including any material WCG Subsidiary)" in each of clauses (i) and (ii) thereof.

SECTION 12. Amendment of Section 7.2. Clause (i) of Section 7.2 of the Credit Agreement is hereby amended by replacing the reference to "the last sentence of Section 8.6(a)" in such clause (i) with a reference to "the second and third sentences of Section 8.6(a)."

SECTION 13. Amendment of Section 8.2. Section 8.2 is hereby amended by replacing the phrase "specified pursuant to Section 8.6(a)" each time it appears therein with "specified in a Transfer Agreement for any assignee Bank delivered pursuant to Section 8.6(a)."

SECTION 14. Amendment of Section 8.6. Clause (d) of Section 8.6 of the Credit Agreement is redesignated clause (g). Clauses (a) through (c) of Section 8.6 of the Credit Agreement shall be amended, restated and replaced in their entirety as follows:

SECTION 8.6 Binding Effect; Transfers. (a) This Agreement shall become effective when it shall have been executed by the Borrower, the Co-Syndication Agents, Credit Lyonnais in its former capacity as the documentation agent and the Agent and when each Bank listed on the signature pages hereof has delivered an executed counterpart hereof to the Agent, has sent to the Agent a facsimile copy of its signature hereon or has notified the Agent that such Bank has executed this Agreement and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Bank and their respective successors and assigns; provided that the Borrower shall not have the right to assign any of its rights hereunder or any interest herein without the prior written consent of all of the Banks. Each Bank may assign to one or more banks, financial institutions or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments, the Advances

owing to it and any Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement or an assignment to another Bank, the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Transfer Agreement with respect to such assignment) shall in no event be less than $10,000,000 in the aggregate or such lesser amount as may be consented to by the Agent and the Borrower, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register maintained by the Agent, a Transfer Agreement together with any Note or Notes subject to such assignment and, unless the assignment is to an affiliate of such Bank, a processing and recordation fee of $3,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Transfer Agreement, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Transfer Agreement, have the rights and obligations of a Bank hereunder (including, without limitation, obligations to the Agent pursuant to Section 7.5) and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Transfer Agreement, relinquish its rights and be released from its obligations under this Agreement, except for rights and obligations which continue after repayment of the Advances or termination of this Agreement pursuant to the express terms of this Agreement (and, in the case of a Transfer Agreement covering all of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(b) By executing and delivering a Transfer Agreement, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Transfer Agreement, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement, any Note or Notes or any other instrument or document furnished pursuant hereto or in connection herewith or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note or Notes or any other instrument or document furnished pursuant hereto or in connection herewith; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Person or the performance or observance by the Borrower or any other Person of any of its respective obligations under this Agreement, any Note or Notes or any other instrument or document furnished pursuant hereto or in connection herewith; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such

Transfer Agreement; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Bank or any other Bank and based on such financial statements and such other documents and information as it shall deem appropriate at the time, continue to make its own credit analysis and decisions in taking or not taking action under this Agreement, any Note or Notes or any other instrument or document; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to act as Agent on its behalf and to exercise such powers and discretion under the Agreement, any Note or Notes or any other document executed in connection herewith or therewith as are delegated to the Agent by the terms hereof or thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Agent shall maintain at its address referred to in Section 2.13(a) a copy of each Transfer Agreement, delivered to and accepted by it and the Register for the recordation of the names and addresses of the Banks and the Commitment of, and the principal amount of the Advances owing to, each Bank from time to time.

(d) Upon its receipt of a Transfer Agreement executed and completed by an assigning Bank and an assignee representing that it is an Eligible Assignee (and, if required, consented to by the Borrower), the Agent shall (i) accept such Transfer Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice and the request of the assigning Bank and/or Eligible Assignee, the Borrower shall deliver, in replacement of any A Note of the Borrower then outstanding which may have been executed to the order of such assigning Bank or as may be requested by the assignee or the assigning Bank (A) to such assignee upon its request or as required by Section 2.9, a new A Note of the Borrower in the amount of the Commitment of such assigning Bank which is being so assumed by such assignee plus, in the case of any assignee which is already a Bank hereunder, the amount of such assignee's Commitment immediately prior to such assignment (any such assignee which is already a Bank hereunder agrees to mark "Exchanged" and return to the Borrower, with reasonable promptness following the delivery of such new A Note, any A Note being replaced thereby, if any), (B) to such assigning Bank as required by Section 2.9, a new A Note in the amount of the balance, if any, of the Commitment of such assigning Bank to the Borrower (without giving effect to any B Reduction) retained by such assigning Bank (and such assigning Bank agrees to mark "Exchanged" and return to the Borrower, with reasonable promptness following delivery of such new A Notes, the A Note being replaced thereby), and (C) to the Agent, photocopies of such new A Notes, if any.

(e) Each Bank may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Bank's obligations under this Agreement (including without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Note or any Notes for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (v) all amounts payable under this Agreement shall be calculated as if such Bank had not sold such participation, and (vi) the terms of any such participation shall not restrict such Bank's ability to consent to any departure by the Borrower therefrom without the approval of the participant, except that the approval of the participant may be required to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Notwithstanding any other provisions set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board.

SECTION 15. Replacement of Schedule IV; Addition of New Banks, etc. (a) Schedule IV of the Credit Agreement is hereby amended and restated in its entirety to read as set forth in Schedule IV hereto.

(b) The Commitments of DG Bank will terminate effective as of July 24, 2001, and as of such date such Bank shall not have any further obligation to make any Advance. Upon payment in full of all amounts owed to DG Bank by the Borrower in accordance with the terms and conditions of this Agreement and any Note or Notes issued by the Borrower to such Bank, DG Bank shall not have any rights or obligations under the Credit Agreement, any Note or Notes or other documents executed pursuant to the Credit Agreement except for those rights and obligations which, by the express terms of the Credit Agreement, continue after repayment in full of the obligations of the Borrower to any Bank.

(c) Each of UMB Bank, N.A., Lehman Commercial Paper Inc. and Merrill Lynch Bank USA (each a "New Bank" and collectively, the "New Banks"), by its signature to this Amendment, agrees to become, and is hereby deemed to be a Bank pursuant to the terms of the Credit Agreement and any other documents executed pursuant thereto, with a Commitment in the amount shown on Schedule IV to this Amendment. Each New Bank agrees that (i) none of

the Agent, the Co-Syndication Agents, the Co-Documentation Agents, the Arranger or any Bank has made any representation or warranty or assumed any responsibility with respect to any statements, warranties or representations, whether written or oral, made in or in connection with the Credit Agreement, any Note or Notes or any other instrument or document furnished pursuant hereto or thereto or in connection herewith or therewith or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any Note or Notes or any other instrument or document furnished pursuant hereto or thereto or in connection herewith; (ii) none of the Agent, the Co-Syndication Agents, the Co-Documentation Agents, the Arranger or any Bank makes any representation or warranty or assumes any responsibility with respect to the financial condition of the Borrower or any other Person or the performance or observance by the Borrower or any other Person of any of its respective obligations under the Credit Agreement, any Note or Notes or any other instrument or document furnished pursuant thereto or in connection therewith; (iii) such New Bank confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Credit Agreement; (iv) such New Bank will, independently and without reliance upon the Agent, or any Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, any Note or Notes or any other instrument or document; (v) such New Bank appoints and authorizes the Agent to act as Agent on its behalf and to exercise such powers and discretion under the Credit Agreement, any Note or Notes or any other instrument or document furnished pursuant to the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such New Bank agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement, any Note or Notes or any other instrument or document furnished pursuant to the Credit Agreement are required to be performed by it as a Bank.

After giving effect to this Amendment, the Commitment of each Bank shall be as shown on Schedule IV hereto, effective as of July 24, 2001 and the aggregate total of all such Commitments is $2,200,000,000.

SECTION 16. Extension of Stated Termination Date. Pursuant to Section 2.18 of the Credit Agreement, each of the Banks executing below agrees that the Stated Termination Date shall be extended to July 24, 2002.

SECTION 17. Replacement of Documentation Agent. Each Bank hereby designates each of B of A and Credit Lyonnais as a Co-Documentation Agent and B of A and Credit Lyonnais hereby accept such designation. Each of the Co-Documentation Agents and the Banks agrees that the Co-Documentation Agents shall replace the Documentation Agent for all purposes related to the Credit Agreement, the Notes and any other instrument or document related thereto. Each reference to the Documentation Agent in the Credit Agreement (including in the preface, recitals and any schedule or exhibit), any Note or any other document or instrument related to the Credit Agreement shall be deemed to be a reference to the Co-Documentation Agents.

SECTION 18. Limited Waiver of Section 5.2(e). The Borrower has requested the waiver of, and each Bank by its signature hereby agrees to waive, Section 5.2(e) of the Credit Agreement for and in connection with the following:

(a) WCG and/or one or more of the Subsidiaries thereof owns the assets described on Annex A hereto. TWC anticipates that it or one of its Subsidiaries may enter into a Sale and Lease-Back Transaction in which TWC or one of its Subsidiaries will purchase the assets described on Annex A and then lease such assets to WCG or a WCG Subsidiary. TWC hereby covenants that such transaction shall be entered into on terms and conditions reasonably fair in all material respects to TWC and its Subsidiaries. To the extent that such Sale and Lease-Back Transaction may be, or may be deemed to be, an investment in a WCG Subsidiary, an advance to a WCG Subsidiary, or a purchase, acquisition or ownership of an obligation of a WCG Subsidiary, such transaction is prohibited by Section 5.2(e) of the Credit Agreement.

In connection with such Sale and Lease-Back Transaction, and only for purposes of such transactions, TWC requests that the Banks waive the provisions of Section 5.2(e) of the Credit Agreement to allow TWC and/or its Subsidiaries to effect the Sale and Lease-Back Transaction, described in the preceding paragraph. Nothing herein shall, or shall be deemed to, waive the provisions of Section 5.2(j) of the Credit Agreement, or any other provisions of the Credit Agreement applicable to the Sale and Lease-Back Transaction, except as expressly set forth above with respect to Section 5.2(e) thereof.

By its signature hereto, each Bank agrees to waive and does hereby waive Section 5.2(e) (and only Section 5.2(e)) of the Credit Agreement to allow, and only to the extent necessary to allow, TWC and its Subsidiaries to acquire the assets described on Annex A and to act as lessor pursuant to the Sale and Lease-Back Transaction described above involving such assets.

SECTION 19. Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment, the Borrower hereby reaffirms, as of the date hereof, its representations and warranties contained in Article IV of the Credit Agreement (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) The Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material

respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Borrower of this Amendment and the consummation of the transactions contemplated by this Amendment are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Borrower and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Amendment or the consummation of the transactions contemplated by this Amendment.

(d) This Amendment has been duly executed and delivered by the Borrower. This Amendment and the Credit Agreement as amended by this Amendment are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings, there is, as to the Borrower, no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any material Subsidiary of the Borrower before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Amendment, the Credit Agreement or any Note. For the purposes of this Section, "Public Filings" shall mean the Borrower's annual report on Form 10-K for the year ended December 31, 2000, and the Borrower's quarterly reports on Form 10-Q for the quarter ended March 31, 2001.

(f) Upon giving effect to this Amendment, no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 20. Conditions to Effectiveness. The effectiveness of this Amendment is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Amendment executed by the Borrower, the Agent and each of the Banks;

(b) A certificate of the Secretary or Assistant Secretary of the Borrower as to (i) any changes (or the absence of changes) since July 25, 2000 to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of the Borrower authorizing the

execution of this Amendment and (iii) the names and true signatures of the officers authorized to execute this Amendment;

(c) An opinion of William G. von Glahn, General Counsel of the Borrower, substantially in the form of Exhibit A hereto; and

(d) Such other documents as the Agent shall have reasonably requested.

SECTION 21. Effect. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Credit Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as amended hereby.

SECTION 22. Governing Law, Etc. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

SECTION 23. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing one or more counterparts.

SECTION 24. Successors and Assigns. This Amendment shall be binding upon the Borrower, the Agent and the Banks and their respective successors and assigns, and shall inure to the benefit of each of the Borrower, the Agent and the Banks and the successors and assigns of the Banks.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, to be effective as of the date first written above.

BORROWER:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

AGENT:

CITIBANK, N.A., as Agent

By: /s/ Todd J. Mogil

Attorney-In-Fact
Authorized Officer

Date: ____________________________, 2001

CO-SYNDICATION AGENTS:

THE CHASE MANHATTAN BANK,
as Co-Syndication Agent and as a Bank

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

COMMERZBANK AG, as Co-Syndication Agent

By: /s/ Subash R. Viswanathan

Senior Vice President
Authorized Officer

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

Date: ____________________________, 2001

CO-DOCUMENTATION AGENTS:

CREDIT LYONNAIS NEW YORK BRANCH,
as Co-Documentation Agent and as a Bank

By: /s/ Jean-Marc Moriani

Chief Exec. Officer
Authorized Officer

Date: ____________________________, 2001

BANK OF AMERICA,
as Co-Documentation Agent and as a Bank

By: /s/ Claire Liu

Authorized Officer

Date: ____________________________, 2001

BANKS:

CITIBANK, N.A.

By: /s/ Todd J. Mogil

Attorney-In-Fact
Authorized Officer

Date: _____________________________, 2001

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Authorized Officer

Date: _____________________________, 2001

BANK ONE, NA (CHICAGO)

By: /s/ Dianne L. Russell

Authorized Officer

Date: _____________________________, 2001

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COMMERZBANK AG,
NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Subash R. Viswanathan

Senior Vice President
Authorized Officer

By: /s/ W. David Suttles

Vice President
Authorized Officer

Date: ____________________________, 2001

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THE FUJI BANK, LIMITED

By: /s/ Signature not legible

Authorized Officer

Date: _____________________________, 2001

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ Patricia J. Dundee

Name: Patricia J. Dundee
Title: Senior Vice President

Date: _____________________________, 2001

ABN AMRO BANK, N.V.

By: /s/ Frank R. Russo, Jr.

Group Vice President
Authorized Officer

By: /s/ Bo Ford

Assistant Vice President
Authorized Officer

Date: ____________________________, 2001

BANK OF MONTREAL

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

THE BANK OF NEW YORK

By: /s/ Signature not legible

Authorized Officer

Date: _____________________________, 2001

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Director
Authorized Officer

Date: ____________________________, 2001

CIBC INC.

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

CREDIT SUISSE FIRST BOSTON

By: /s/ Bill O'Daly

Vice President
Authorized Officer

By: /s/ James P. Moran

Director
Authorized Officer

Date: ____________________________, 2001

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner

Senior Manager
Authorized Officer

Date: _____________________________, 2001

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By: /s/ Kelton Glasscock

Vice President & Manager
Authorized Officer

Date: ____________________________, 2001

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY

By: /s/ Michael N. Oakes

Senior Vice President, Houston Office
Authorized Officer

Date: _____________________________, 2001

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Vice President
Authorized Officer

Date: _____________________________, 2001

UBS AG, STAMFORD BRANCH

By: /s/ Signature not legible

Associate Director, Banking Products Services, US
Authorized Officer

By: /s/ Jennifer L. Poccia

Associate Director, Banking Products Services, US
Authorized Officer

Date: _____________________________, 2001

WELLS FARGO BANK, N.A.

By: /s/ J. Alan Alexander

Vice President
Authorized Officer

Date: ____________________________, 2001

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ Salvatore Battinelli

Managing Director Credit Department
Authorized Officer

By: /s/ Lisa Walker

Associate Director
Authorized Officer

Date: _____________________________, 2001

CREDIT AGRICOLE INDOSUEZ

By: /s/ Brian Knezeak

FVP, Manager
Authorized Officer

By: /s/ Michael D. Willis

VP, Credit Analysis
Authorized Officer

Date: _____________________________, 2001

SUNTRUST BANK

By: /s/ David J. Edge

Director
Authorized Officer

Date: ____________________________, 2001

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Maureen Carson

Authorized Officer

Date: ____________________________, 2001

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert Ivoswich

D & M
Authorized Officer

By: /s/ Barbara Sanderson

Vice President
Authorized Officer

Date: ____________________________, 2001

BANK OF CHINA, NEW YORK BRANCH

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

BANK OF OKLAHOMA, N.A.

By: /s/ Stephen R. Pattison

SVP
Authorized Officer

Date: _____________________________, 2001

BNP PARIBAS, HOUSTON AGENCY

By: /s/ Mark A. Cox

Director
Authorized Officer

By: /s/ Larry Robinson

Vice President
Authorized Officer

Date: _____________________________, 2001

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KBC BANK N.V.

By: /s/ Robert Snauffer

First Vice President
Authorized Officer

By: /s/ Eric Raskin

Vice President
Authorized Officer

Date: ____________________________, 2001

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ C. Michael Garrido

Senior Vice President
Authorized Officer

Date: _____________________________, 2001

COMMERCE BANK, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2001

RZB FINANCE LLC

By: /s/ Dieter Beintrexler

President
Authorized Officer

By: /s/ Frank J. Yautz

First Vice President
Authorized Officer

Date: ____________________________, 2001

FIRST UNION NATIONAL BANK

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

UMB BANK, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: _____________________________, 2001

MERRILL LYNCH BANK USA

By: /s/ Signature not legible

Authorized Officer

Date: ____________________________, 2001

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Michele Swanson

Authorized Officer

Date: ____________________________, 2001

Executed for purposes of acknowledging
Section 15(b) only:

DG BANK DEUTSCHE
GENNOSSENSCHAFTSBANK AG

By: /s/ Signature not legible

Name:
Title:

By: /s/ Signature not legible

Name:
Title:

SCHEDULE IV

COMMITMENTS

AS OF JUNE 23, 2001

BANKS	COMMITMENT
Bank of America, N.A.	
The Bank of Nova Scotia	
Bank One, NA	
The Chase Manhattan Bank	
Citibank, N.A.	
Commerzbank AG	
Credit Lyonnais	
The Fuji Bank, Limited	
National Westminster Bank PLC	
ABN Amro Bank N.V.	
Bank of Montreal	
The Bank of New York	
Barclays Bank PLC	
CIBC Inc.	
Credit Suisse First Boston	
Royal Bank of Canada	
The Bank of Tokyo-Mitsubishi, Ltd.	
Fleet National Bank	
Societe Generale	
The Industrial Bank of Japan Trust Company	
Toronto Dominion (Texas), Inc.	
UBS AG, Stamford Branch	
Wells Fargo Bank Texas, N.A.	
Westdeutsche Landesbank Girozentrale	
Credit Agricole Indosuez	
Suntrust Bank	
The Dai-Ichi Kangyo Bank, Ltd.	
Arab Banking Corporation (B.S.C.)	
Bank of China	
Bank of Oklahoma, N.A.	
BNP Paribas, Houston Agency	
DG Bank	
KBC Bank, N.V.	
The Sumitomo Bank, Limited	
Commerce Bank, N.A.	
RZB Finance LLC	
UMB Bank, N.A.	
Lehman Commercial Paper Inc.	
Merrill Lynch Bank USA	
COMMITMENTS	$2,200,000,000.00

ANNEX A

Assets to be subject to the Sale and Lease-back transaction:

WILLIAMS TECHNOLOGY CENTER

The (a) real property and structures located east of the existing Bank of Oklahoma Tower at One Williams Center, Tulsa, Oklahoma commonly known as the Williams Technology Center (the "Center"), Tech Center Parking Garage (including the "La Pente" parcel) (located at First Street and Cincinnati Avenue), Skywalk, Skywalk Support and Skywalk Support Parcel (the "Realty") and (b) the personal property and fixtures generally comprised of the furniture, fixtures and equipment as are located or to be located upon or affixed or to be affixed to the Realty (the "FF&E").

AIRCRAFT

The Aircraft shall include the three (3) aircraft identified as follows:

Citation X (N358WC)
Citation V (N352WC)
Citation Excel (N359WC)

The aggregate value of the assets described above is approximately $277,000,000.

EXHIBIT A

FORM OF OPINION

EXHIBIT 10(g)

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (herein called this "Amendment"), dated as of February 7, 2002, is entered into by and among The Williams Companies, Inc., a Delaware corporation, as Borrower pursuant to the Credit Agreement (as hereinafter defined), the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Co-Documentation Agents as named therein and Citibank, N.A., as agent for the Banks (in such capacity, the "Agent"). Except as otherwise defined or as the context requires, terms defined in the Credit Agreement are used herein as therein defined.

WITNESSETH:

WHEREAS, The Williams Companies, Inc. ("TWC" or the "Borrower") has entered into a certain Credit Agreement dated as of July 25, 2000 with the financial institutions from time to time party thereto (the "Banks"), The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent (the "Original Credit Agreement"), which has been amended by that certain Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, and by that certain Limited Waiver and Second Amendment to Credit Agreement dated as of July 24, 2001 (the Original Credit Agreement, as so amended to the date hereof, the "Credit Agreement");

WHEREAS, the Borrower and the Banks now desire to amend the Credit Agreement in certain respects, as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrower and the Banks hereby agree as follows:

SECTION 1. Amendment of Section 1.1 of the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended as follows:

(a) The definition of "Debt" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

> "Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that

(w) Debt shall not include any obligations of the Borrower in respect of the FELINE PACS; (x) Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule III; (y) in the case of the Borrower, Debt shall not include any contingent obligation of the Borrower relating to indebtedness incurred by any SPV, WCG or a WCG Subsidiary pursuant to the WCG Structured Financing (except that in the event that the WCG Refinancing Transaction shall have occurred, then Debt shall include the aggregate amount of the WCG Structured Financing for which the Borrower or any of its Subsidiaries shall have become directly and primarily liable); and (z) it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as operating leases.

(b) The following definition of "FELINE PACS" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"FELINE PACS" means those certain units, as described in the Borrower's prospectus supplement dated January 7, 2002, issued by the Borrower in January, 2002 in an aggregate face amount of $1,100,000,000.

(c) The definition of "Net Worth" in such Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Net Worth" of any Person means, as of any date of determination the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Borrower in respect of the FELINE PACS.

(d) The definition of "WCG Note" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Note" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

(e) The definition of "WCG Refinancing Transaction" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Refinancing Transaction" means any transaction or series of related transactions pursuant to which the Borrower or any Subsidiary of the Borrower becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate amount not exceeding the outstanding principal amount of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any premiums or make-whole payments payable as a result of a

prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which the Borrower or any Subsidiary of the Borrower issues debt securities of the Borrower or any Subsidiary of the Borrower, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by the Borrower or any Subsidiary of the Borrower, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior Notes were issued, or (v) the Borrower or any Subsidiary of the Borrower making any payments in respect of the WCG Senior Notes or the WCG Note.

(f) The definition of "WCG Reimbursement Obligations" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Reimbursement Obligations" means any obligations of any WCG Subsidiary in favor of the Borrower, any Subsidiary of the Borrower or the WCG Senior Notes Issuer pursuant to which such WCG Subsidiary has agreed to pay the Borrower, any Subsidiary of the Borrower or the WCG Senior Notes Issuer an amount equal to or less than the total amount of the obligations incurred by the Borrower and/or its Subsidiaries in connection with the WCG Refinancing Transaction, including, without limitation, in respect of principal, interest, fees and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes.

(g) The definition of "WCG Senior Notes" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Senior Notes" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

(h) The definition of "WCG Senior Notes Issuer" is hereby inserted in the alphabetically appropriate location in such Section 1.1:

"WCG Senior Notes Issuer" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

SECTION 2. Amendment of Section 5.2. Section 5.2 of the Credit Agreement is hereby amended as follows:

(a) Clause (c) of Section 5.2 is hereby amended by deleting the word "or" at the end of subclause (iii) thereof, deleting the period at the end of subclause (iv) thereof and inserting "; or" in its place, and inserting the following new subclause (v) immediately following the existing clause (iv):

"(v) Williams Pipeline Company, LLC from (1) selling, conveying or otherwise transferring all or substantially all of its assets to another Person or (2) merging or consolidating with or into another Person, in either case, for fair-market value and on commercially reasonable terms and conditions in the good faith judgment of the Borrower."

(b) Clause (e) of Section 5.2 is hereby amended and restated to read in its entirety as follows:

"(e) Loans and Advances; Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that the Borrower and its Subsidiaries may (i) permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit E hereof (and such WCG Subsidiaries may permit such loans and advances to remain outstanding), (ii) purchase or acquire the WCG Senior Notes or the WCG Note pursuant to the WCG Refinancing Transaction, and (iii) purchase or acquire and permit to remain outstanding, the WCG Reimbursement Obligations. Except for those investments in existence on the date hereof and listed on Exhibit E hereof, purchases or acquisitions pursuant to the WCG Refinancing Transaction and purchases or acquisitions of WCG Reimbursement Obligations, the Borrower shall not, and shall not permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary."

(c) Clause (i) of Section 5.2 is hereby amended by deleting the period at the end of the existing clause (i) and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Borrower or any Subsidiary of the Borrower from incurring liability pursuant to the WCG Refinancing Transaction."

(d) The last sentence of clause (k) of Section 5.2 is hereby amended by deleting the period at the end of the last sentence of the existing clause (k) and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Borrower or any Subsidiary of the Borrower to use the proceeds of any Advance to own, purchase or acquire the WCG Senior Notes pursuant to the WCG Refinancing Transaction."

SECTION 3. Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment, the Borrower hereby reaffirms, as of the date hereof, its representations and warranties contained in Article IV of the Credit Agreement (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) The Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Borrower of this Amendment and the consummation of the transactions contemplated by this Amendment are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Borrower and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Amendment or the consummation of the transactions contemplated by this Amendment.

(d) This Amendment has been duly executed and delivered by the Borrower. This Amendment and the Credit Agreement as amended by this Amendment are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings and except for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws, there is, as to the Borrower, no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any material Subsidiary of the Borrower before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Amendment, the Credit Agreement or any Note. For the purposes of this Section, "Public Filings" shall mean the Borrower's annual report on Form 10-K for the

year ended December 31, 2000, and the Borrower's quarterly reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001.

(f) Upon giving effect to this Amendment, no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 4. Conditions to Effectiveness. The effectiveness of this Amendment is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Amendment executed by the Borrower, the Agent and Banks constituting not less than the Majority Banks;

(b) A certificate of the Secretary or Assistant Secretary of the Borrower as to (i) any changes (or the absence of changes) since July 25, 2000 to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of the Borrower authorizing the execution of this Amendment and (iii) the names and true signatures of the officers authorized to execute this Amendment;

(c) An opinion of William G. von Glahn, General Counsel of the Borrower, substantially in the form of Exhibit A hereto; and

(d) Such other documents as the Agent shall have reasonably requested.

SECTION 5. Effect. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Credit Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as amended hereby.

SECTION 6. Fees. The Borrower shall pay (a) to each Bank that shall have approved this Amendment and shall have delivered to the Agent a duly executed counterpart hereof not later than 12:00 p.m. central standard time on February 7, 2002, a fee equal to 0.25% of each such Bank's respective Commitment, and (b) to each other Bank that shall have approved this Amendment and shall have delivered a duly executed counterpart hereof not later than 12:00 p.m. central standard time on February 14, 2002, a fee equal to 0.10% of each such other Bank's respective Commitment.

SECTION 7. Governing Law, Etc. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICT OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable

law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

SECTION 8. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing one or more counterparts.

SECTION 9. Successors and Assigns. This Amendment shall be binding upon the Borrower, the Agent and the Banks and their respective successors and assigns, and shall inure to the benefit of each of the Borrower, the Agent and the Banks and the successors and assigns of the Banks.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, to be effective as of the date first written above.

BORROWER:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

AGENT:

CITIBANK, N.A., as Agent

By:

Authorized Officer

Date: ______________________________, 2002

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
as Co-Syndication Agent and as a Bank

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

COMMERZBANK AG, as Co-Syndication Agent

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

By: /s/ D. L. Ward, Jr.

Assistant Vice President
Authorized Officer

Date: ______________________________, 2002

CO-DOCUMENTATION AGENTS:

CREDIT LYONNAIS NEW YORK BRANCH,
as Co-Documentation Agent and as a Bank

By: /s/ Bernard Weymuller

Senior Vice President
Authorized Officer

Date: ______________________________, 2002

BANK OF AMERICA, N.A.
as Co-Documentation Agent and as a Bank

By: /s/ Claire Liu

Authorized Officer

Date: ______________________________, 2002

BANKS:

CITIBANK, N.A.

By: /s/ Todd J. Mogil

Authorized Officer

Date: ______________________________, 2002

THE BANK OF NOVA SCOTIA

By: /s/ M. D. Smith

Agent
Authorized Officer

Date: ______________________________, 2002

BANK ONE NA (CHICAGO)

By: /s/ Dianne L. Russell

Authorized Officer

Date: _____________________________, 2002

COMMERZBANK AG,
NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

By: /s/ D. L. Ward, Jr.

Assistant Vice President
Authorized Officer

Date: ______________________________, 2002

THE FUJI BANK, LIMITED

By: /s/ Jacques Azagury

Senior Vice President & Manager
Authorized Officer

Date: _____________________________, 2002

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ Patricia J. Dundee

Name: Patricia J. Dundee
Title: Senior Vice President

Date: ____________________________, 2002

ABN AMRO BANK, N.V.

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

BANK OF MONTREAL

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer

Vice President
Authorized Officer

Date: ______________________________, 2002

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Director, Loan Transaction Management
Authorized Officer

Date: _____________________________, 2002

CIBC INC.

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

CREDIT SUISSE FIRST BOSTON

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner

Senior Manager
Authorized Officer

Date: ______________________________, 2002

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By:

Authorized Officer

Date: ______________________________, 2002

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ J. Douglas McMurray, Jr.

Managing Director
Authorized Officer

Date: ______________________________, 2002

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH

By: /s/ Michael N. Oakes

Senior Vice President, Houston Office
Authorized Officer

Date: ______________________________, 2002

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Vice President
Authorized Officer

Date: ______________________________, 2002

UBS AG, STAMFORD BRANCH

By: /s/ Patricia O'Ricki

Director, Banking Products Services
Authorized Officer

By: /s/ Wilfred V. Saint

Associate Director Banking Products
Services US
Authorized Officer

Date: ______________________________, 2002

WELLS FARGO BANK TEXAS, N.A.

By: /s/ J. Alan Alexander

Vice President
Authorized Officer

Date: ______________________________, 2002

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH

By: /s/ Salvatore Battinelli

Managing Director, Credit Department
Authorized Officer

By: /s/ Jeffrey S. Davidson

Associate Director
Authorized Officer

Date: ______________________________, 2002

CREDIT AGRICOLE INDOSUEZ

By: /s/ Brian Knezeak

First Vice President
Authorized Officer

By: /s/ Mark Lvoff

First Vice President, Head of Energy
Platform
Authorized Officer

Date: ____________________________, 2002

SUNTRUST BANK

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Maureen Carson

Authorized Officer

Date: _____________________________, 2002

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich

Deputy General Manager
Authorized Officer

Date: ______________________________, 2002

BANK OF CHINA, NEW YORK BRANCH

By:

Authorized Officer

Date: ______________________________, 2002

BANK OF OKLAHOMA, N.A.

By: /s/ Robert D. Mattax

Authorized Officer

Date: _____________________________, 2002

BNP PARIBAS, HOUSTON AGENCY

By: /s/ Signature not legible
Authorized Officer

By: /s/ Signature not legible
Authorized Officer

Date: ______________________________, 2002

KBC BANK N.V.

By: /s/ Robert Snauffer

First Vice President
Authorized Officer

By: /s/ Signature not legible

Vice President
Authorized Officer

Date: ____________________________, 2002

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ C. Michael Garrido

Senior Vice President
Authorized Officer

Date: ______________________________, 2002

COMMERCE BANK, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

RZB FINANCE LLC

By:
____
Authorized Officer

By:
____
Authorized Officer

Date: ______________________________, 2002

FIRST UNION NATIONAL BANK

By: /s/ Robert R. Wetteroff

Senior Vice President
Authorized Officer

Date: ______________________________, 2002

UMB BANK, N.A.

By: /s/ Kathy Trigg

Authorized Officer

Date: ______________________________, 2002

MERRILL LYNCH BANK USA

By: /s/ Preston L. Jackson

Authorized Officer

Date: ______________________________, 2002

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Michele Swanson

Authorized Officer

Date: ______________________________, 2002

NATEXIS BANQUES POPULAIRES

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

By: /s/ Signature not legible

Authorized Officer

Date: ______________________________, 2002

EXHIBIT 10(k)

THIRD AMENDMENT TO TERM LOAN AGREEMENT

THIS THIRD AMENDMENT TO TERM LOAN AGREEMENT (the "AMENDMENT") is entered into effective as of February 7, 2002, among The Williams Companies, Inc., a Delaware corporation (the "COMPANY"), Credit Lyonnais New York Branch, as Administrative Agent (in such capacity, "ADMINISTRATIVE AGENT"), and certain LENDERS (herein so called) named on SCHEDULE 2.1 (as amended and supplemented from time to time) of the Term Loan Agreement (as hereinafter defined).

RECITALS

A. The Company, Lenders, Commerzbank AG New York and Cayman Island Branches, as Syndication Agent, The Bank of Nova Scotia, as Documentation Agent, and Administrative Agent entered into that certain Term Loan Agreement dated as of April 7, 2000, as modified and amended pursuant to that certain First Amendment to Term Loan Agreement dated as of August 21, 2000 and that certain Waiver and Second Amendment to Term Loan Agreement dated as of January 31, 2001 (such Term Loan Agreement, as so modified and amended, herein referred to as the "TERM LOAN AGREEMENT") which Term Loan Agreement has been further modified by that certain letter agreement (the "PRIOR WAIVER LETTER"), dated as of November 6, 2000, and that certain Limited Waiver of Term Loan Agreement dated as of July 20, 2001 (the "JULY WAIVER", and together with the Prior Waiver Letter herein collectively referred to as "EXISTING WAIVERS"). Unless otherwise indicated herein, all terms used with their initial letter capitalized are used herein with their meaning as defined in the Term Loan Agreement, and all Section references are to Sections in the Term Loan Agreement.

B. The Company has requested that the Lenders further modify and amend certain terms and provisions of the Term Loan Agreement.

C. The Lenders are willing to so modify and amend the Term Loan Agreement, as requested, in accordance with the terms and provisions set forth herein and upon the condition that the Company and the Determining Lenders shall have executed and delivered this Amendment and that the Company shall have fully satisfied the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company, Administrative Agent and the Lenders hereby agree, as follows:

PARAGRAPH 1. AMENDMENT OF SECTION 1.1 OF THE TERM LOAN AGREEMENT.

1.1 DEFINITIONS. SECTION 1.1 of the Term Loan Agreement is hereby amended, as follows:

(a) The definition of "DEBT" in such SECTION 1.1 is hereby amended and restated to read in its entirety as follows:

> "DEBT" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or

services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that (w) Debt shall not include any obligations of the Company in respect of the FELINE PACS; (x) Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of SCHEDULE I; (y) in the case of the Company, Debt shall not include any contingent obligation of the Company relating to indebtedness incurred by any SPV, WCG or a WCG Subsidiary pursuant to the WCG Structured Financing (except that in the event that the WCG Refinancing Transaction shall have occurred, then Debt shall include the aggregate amount of the WCG Structured Financing for which the Company or any of its Subsidiaries shall have become directly and primarily liable); and (z) it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with GAAP, recorded as operating leases.

(b) The following definition of "FELINE PACS" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"FELINE PACS" means those certain units, as described in the Company's prospectus supplement dated January 7, 2002, issued by the Company in January, 2002 in an aggregate face amount of $1,100,000,000.

(c) The definition of "NET WORTH" in such SECTION 1.1 is hereby amended and restated to read in its entirety as follows:

"NET WORTH" of any Person means, as of any date of determination the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with GAAP; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Company in respect of the FELINE PACS.

(d) The definition of "WCG NOTE" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"WCG NOTE" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

(e) The definition of "WCG REFINANCING TRANSACTION" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"WCG REFINANCING TRANSACTION" means any transaction or series of related transactions pursuant to which the Company or any Subsidiary of the Company becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate

amount not exceeding the outstanding principal of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which the Company or any Subsidiary of the Company issues debt securities of the Company or any Subsidiary of the Company, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by the Company or any Subsidiary of the Company, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior Notes were issued, or (v) the Company or any Subsidiary of the Company making any payments in respect of the WCG Senior Notes or the WCG Note.

(f) The definition of "WCG REIMBURSEMENT OBLIGATIONS" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"WCG REIMBURSEMENT OBLIGATIONS" means any obligations of any WCG Subsidiary in favor of the Company, any Subsidiary of the Company or the WCG Senior Notes Issuer pursuant to which such WCG Subsidiary has agreed to pay the Company, any Subsidiary of the Company or the WCG Senior Notes Issuer an amount equal to or less than the total amount of the obligations incurred by the Company and/or its Subsidiaries in connection with the WCG Refinancing Transaction, including, without limitation, in respect of principal, interest, fees and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes.

(g) The definition of "WCG SENIOR NOTES" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"WCG SENIOR NOTES" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

(h) The definition of "WCG SENIOR NOTES ISSUER" is hereby inserted in the alphabetically appropriate location in such SECTION 1.1:

"WCG SENIOR NOTES ISSUER" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

1.2 SECTION 8.7. SECTION 8.7 of the Credit Agreement is hereby amended by deleting the word "or" at the end of subclause (c) and period at the end of subclause (d) thereof, inserting in place of the period at the end of subclause (d) a semicolon and the word "or" and inserting the following new subclause (e) immediately following the existing subclause (d):

"(e) Williams Pipeline Company, LLC from (1) selling, conveying or otherwise transferring all or substantially all of its assets to another Person or (2) merging or consolidating with or into another Person, in either case, for fair-market value and on commercially reasonable terms and conditions in the good faith judgment of the Company."

1.3 SECTION 8.9. SECTION 8.9 is hereby amended and restated to read in its entirety as follows:

"8.9 Loans and Advances. The Company shall not make or permit to remain outstanding or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of any WCG Subsidiary, except that the Company and its Subsidiaries may (i) make and permit to remain outstanding loans and advances to a WCG Subsidiary existing as of July 25, 2000 and listed on Exhibit F hereto (and such WCG Subsidiaries may permit such loans and advances on Exhibit F to remain outstanding), (ii) purchase or acquire the WCG Senior Notes or the WCG Note pursuant to the WCG Refinancing Transaction, and (iii) purchase or acquire and permit to remain outstanding, the WCG Reimbursement Obligations. Except for those investments in existence on July 25, 2000 and listed on Exhibit F hereof, purchases or acquisitions pursuant to the WCG Refinancing Transaction and purchases or acquisitions of WCG Reimbursement Obligations, the Company shall not, and shall not permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary."

1.4 SECTION 8.13. SECTION 8.13 is hereby amended by deleting the period at the end of such Section and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Company or any Subsidiary of the Company from incurring liability pursuant to the WCG Refinancing Transaction."

1.5 SECTION 8.15. SECTION 8.15 is hereby amended by deleting the period at the end of the last sentence of such Section and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Company or any Subsidiary of the Company to use the proceeds of any Borrowing to own, purchase or acquire the WCG Senior Notes pursuant to the WCG Refinancing Transaction."

PARAGRAPH 2. AMENDMENT EFFECTIVE DATE. This Amendment shall be binding upon all parties to the Loan Papers on the last day upon which the following has occurred:

(a) Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of the Company as to (i) any changes (or the absence of changes) since April 7, 2000, to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of the Company authorizing the execution of this Amendment, and (iii) the names and true signatures of the officers authorized to execute this Amendment; and

(b) Counterparts of this Amendment shall have been executed and delivered to Administrative Agent by the Company, Administrative Agent, and the Determining Lenders or when Administrative Agent shall have received telecopied, telexed, or other evidence satisfactory to it that all such parties have executed and are delivering to Administrative Agent counterparts thereof.

Upon satisfaction of the foregoing conditions, (i) this Amendment shall be deemed effective on and as of February 7, 2002 (the "AMENDMENT EFFECTIVE DATE").

PARAGRAPH 3. REPRESENTATIONS AND WARRANTIES. As a material inducement to Lenders to execute and deliver this Amendment, the Company hereby represents and warrants to Lenders (with the knowledge and intent that Lenders are relying upon the same in entering into this Amendment) the following: (a) the representations and warranties in the Term Loan Agreement and in all other Loan Papers are true and correct on the date hereof in all material respects, as though made on the date hereof except to the extent such representations and warranties relate to an earlier date and except with respect to Section 7.6 of the Term Loan Agreement for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws; (b) no Default or Potential Default exists under the Loan Papers; and (c) the terms and provisions of the FELINE PACS transactions described in PARAGRAPH 1 hereof have been accurately and completely described herein and in the other documents provided to the Administrative Agent and the Lenders in connection herewith.

PARAGRAPH 4. MISCELLANEOUS.

4.1 EFFECT ON LOAN DOCUMENTS. The Term Loan Agreement and all related Loan Papers shall remain unchanged and in full force and effect, except as provided in this Amendment, and are hereby ratified and confirmed. On and after the Amendment Effective Date, all references to the "TERM LOAN AGREEMENT" shall be to the Term Loan Agreement as herein amended. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any Rights of the Lenders under the Term Loan Agreement or any Loan Papers, nor constitute a waiver under the Term Loan Agreement or any other provision of the Loan Papers.

4.2 REFERENCE TO MISCELLANEOUS PROVISIONS. This Amendment and the other documents delivered pursuant to this Amendment are part of the Loan Papers referred to in the Term Loan Agreement, and the provisions relating to Loan Papers set forth in SECTION 12 are incorporated herein by reference the same as if set forth herein verbatim.

4.3 FEES. The Company shall pay (a) to each Lender that shall have approved this Amendment and shall have delivered to the Administrative Agent a duly executed counterpart hereof not later than 5:00 p.m. central standard time on February 8, 2002, a fee equal to 0.25% of each such Lender's respective Committed Sum, and (b) to each other Lender that shall have approved this Amendment and shall have delivered a duly executed counterpart hereof not later than 5:00 p.m. central standard time on February 14, 2002, a fee equal to 0.10% of each such other Lender's respective Committed Sum.

4.4 COSTS AND EXPENSES. The Company agrees to pay promptly the reasonable fees and expenses of counsel to Administrative Agent for services rendered in connection with the preparation, negotiation, reproduction, execution, and delivery of this Amendment.

4.5 COUNTERPARTS. This Amendment may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes, and all of which constitute, collectively, one agreement; but, in making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that all parties execute the same counterpart so long as identical counterparts are executed by the Company, each Determining Lender, and Administrative Agent.

4.6 THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR,

CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Executed as of the date first above written, but effective as of the Amendment Effective Date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOLLOW]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Address for notices
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Attn: Treasurer
Telephone No.: (918) 573-5551
Facsimile No.: (918) 573-2065

THE WILLIAMS COMPANIES, INC.,
a Delaware corporation

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

With a copy to:
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attn: Associate General Counsel
Telephone No.: (918) 573-2613
Facsimile No.: (918) 573-4503

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1301 Avenue of the Americas New York, New York 10019	CREDIT LYONNAIS NEW YORK BRANCH, as Administrative Agent and as a Lender
	By: /s/ Bernard Wevmuller
	Name: Bernard Wevmuller
	Title: Senior Vice President

With a copy to:
1000 Louisiana Street, Suite 5360
Houston, Texas 77002
Attention: Mr. Robert LaRocque
Telephone No.: 713-753-8733
Facsimile No.: 713-751-0307

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES, as Syndication Agent, as a Lender and as a Designating Lender

By: /s/ Brian J. Campbell

Name: Brian J. Campbell

Title: Senior Vice President

By: /s/ D. L. Ward, Jr.

Name: D. L. Ward, Jr.

Title: Asst. Vice President

1230 Peachtree Street, Suite 3500
Atlanta, Georgia 30309
Attn: Brian Campbell
Telephone: (404) 888-6518
Facsimile: (404) 888-6539

With a copy to:

Holland & Knight
1201 West Peachtree Street, Suite 2000
Atlanta, Georgia 30309
Attn: Ms. Sherie Holmes
Telephone: (404) 898-8197
Facsimile: (404) 881-0470

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

FOUR WINDS FUNDING CORPORATION, as a Designated Lender

By COMMERZBANK AKTIENGESELLCHAFT, as Administrator and Attorney-in-Fact

By: ---------------------------------

Name: ------------------------------

Title: -----------------------------

By: ---------------------------------

Name: ------------------------------

Title: -----------------------------

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1100 Louisiana Street, Suite 3000
Houston, Texas 77002
Attn: Joe Latanzie
Telephone: (713) 759-3435
Facsimile: (713) 752-2425

THE BANK OF NOVA SCOTIA,
as Documentation Agent and as a Lender

By: /s/ M. D. Smith

Name: M. D. Smith

Title: Agent, Operations

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1020 19th Street, NW, Suite 500
Washington, DC 20036
Attn: David Young
Telephone: (202) 842-7956
Facsimile: (202) 842-7955

ABU DHABI INTERNATIONAL BANK INC.,
as a Lender

By: /s/ David J. Young

Name: David J. Young

Title: Vice President

By: /s/ Nagy S. Kolta

Name: Nagy S. Kolta

Title: Executive Vice President

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

470 Park Avenue South
32nd Street, 15th Floor
New York, New York 10016
Attn: Hussein El-Tawil
Telephone: (212) 251-1245
Facsimile: (212) 679-5910

BANK POLSKA KASA OPIEKI S.A.,
as a Lender

By: /s/ Hussein B. El-Tawil

Name: Hussein B. El-Tawil

Title: Vice President

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Strong Capital Management
100 Heritage Reserve
Menomonee Falls, Wisconsin 53201
Attn: Joe Ford
Telephone: (414) 973-5266
Facsimile: (414) 973-5239

STRONG ADVANTAGE FUND, INC.
as a Lender

By: /s/ Gilbert L. Southwell, III

Name: Gilbert L. Southwell, III

Title: Associate Counsel

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

CHANG HWA COMMERCIAL BANK, LTD., NEW YORK BRANCH, as a Lender

By: /s/ Ming-Hsien Lin
Name: Ming-Hsien Lin
Title: VP & General Manager

c/o JP Morgan Chase
4 Chase MetroTech Center
20th Floor (West)
Brooklyn, New York 11245
Attn: Vivian Chen
Telephone: (718) 242-8815
Facsimile: (718) 242-7159

With a copy to:

c/o JP Morgan Chase
4 Chase MetroTech Center
20th Floor (West)
Brooklyn, New York 11245
Attn: Peter Lieu
Telephone: (718) 242-3688
Facsimile: (718) 242-7159

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

16333 Broadway, 40th Floor
New York, New York 10019
Attn: Maureen Carson
Telephone: (212) 649-0325
Facsimile: (212) 541-4822

THE DAI-ICHI KANGYO BANK, LTD., as a Lender

By: /s/ Maureen Carson

Name: Maureen Carson

Title: Account Officer

With a copy to:

16333 Broadway, 40th Floor
New York, New York 10019
Attn: Bert Tang
Telephone: (212) 432-8839
Facsimile: (212) 541-4805

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

FIRST COMMERCIAL BANK - NEW YORK AGENCY, as a Lender

By: --------------------------------

Name: ------------------------------

Title: -----------------------------

76 Madison Avenue, 12th Floor
New York, New York 10016
Attn: Max Kwok
Telephone: (212) 684-9248
Facsimile: (212) 684-9315

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

380 Madison Avenue, 21st Floor
New York, New York 10017
Attn: Bill Shepard
Telephone: (212) 922-2323
Facsimile: (212) 922-2309

GULF INTERNATIONAL BANK,
as a Lender

By: /s/ William B. Shepard
Name: William B. Shepard
Title: Vice President

By: /s/ Issa N. Baconi
Name: Issa N. Baconi
Title: EVP & Branch Manager

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

200 Madison Avenue, Suite 20007
New York, New York 10016
Attn: Frank Tang
Telephone: (646) 435-1881
Facsimile: (212) 417-9341

HUA NAN COMMERCIAL BANK, LTD.,
as a Lender

By: /s/ Yun-Peng Chang

Name: Yun-Peng Chang

Title: SVP & General Manager

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

150 East 42nd Street, 29th Floor
New York, New York 10017
Attn: Steve Atwell
Telephone: (212) 672-5458
Facsimile: (212) 672-5530

BAYERISCHE HYPO-UND
VEREINSBANK AG, NEW YORK
BRANCH, as a Lender

By: /s/ Shannon Batchman
Name: Shannon Batchman
Title: Director

By: /s/ Steven Atwell
Name: Steven Atwell
Title: Director

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

<table>
<tr><td>245 Peachtree Center Avenue, Suite 2550
Atlanta, Georgia 30303
Attn: Filip Ferrante
Telephone: (404) 584-5466
Facsimile: (404) 584-5465</td><td>KBC BANK N.V., as a Lender

By: /s/ Robert Snauffer

Name: Robert Snauffer

Title: First Vice President

By: /s/ Eric Raskin

Name: Erick Raskin

Title: Vice President
-----------------------------</td></tr>
</table>

With a copy to:

125 West 55th Street
New York, New York 10019
Attn: Diane Grimmig
Telephone: (212) 541-0707
Facsimile: (212) 541-0784

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

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Grosse Bleiche 54-56
Mainz, Germany 55098
Attn: Daniel Juncker
Telephone: (011) 49-61-31-133374
Facsimile: (011) 49-61-31-132599

LANDESBANK RHEINLAND-PFALZ,
GIROZENTRALE,
as a Lender

By: -------------------------------
Name: -----------------------------
Title: ----------------------------

By: -------------------------------
Name: -----------------------------
Title: ----------------------------

[SIGNATURE PAGE TO THIRD AMENDMENT
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Ursulinenstra(beta)e 2
66111 Saarbrucken, Germany
Attn: Rolf Buchholz
Telephone: (011) 49-681-383-1304
Facsimile: (011) 49-681-383-1208

LANDESBANK SAAR GIROZENTRALE,
as a Lender

By: -------------------------------
Name: -----------------------------
Title: ----------------------------

By: -------------------------------
Name: -----------------------------
Title: ----------------------------

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Martensdamm 6
Kiel, Germany 24103
Attn: Kerstin Spaeter
Telephone: (011) 49-431-900-2765
Facsimile: (011) 49-431-900-1794

LANDESBANK SCHLESWIG-HOLSTEIN
GIROZENTRALE, as a Lender

By: /s/ Dr. Nikolai Ulrich

Name: Dr. Nikolai Ulrich

Title: Vice President

By: /s/ Klaus Reimers

Name: Klaus Reimers

Title: Assistant Vice President

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

811 Wilshire Boulevard, Suite 1900
Los Angeles, California 90017
Attn: Jonathan Kuo
Telephone: (213) 532-3789
Facsimile: (213) 532-3766

LAND BANK OF TAIWAN, LOS ANGELES BRANCH, as a Lender

By:

Name:

Title:

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

2250 East 73rd Street, Suite 200
Tulsa, Oklahoma 74136
Attn: Elisabeth Blue
Telephone: (918) 497-2422
Facsimile: (918) 497-2497

LOCAL OKLAHOMA BANK, N.A.,
as a Lender

By: /s/ Elisabeth F. Blue

Name: Elisabeth F. Blue

Title: Senior Vice President

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

299 Park Avenue, 17th Floor
New York, New York 10171
Attn: Wendy Wanninger
Telephone: (212) 303-9807
Facsimile: (212) 888-2958

NATIONAL BANK OF KUWAIT, S.A.K., GRAND CAYMAN BRANCH, as a Lender

By: /s/ Muhammad Kamal
Name: Muhammad Kamal
Title: General Manager

By: /s/ Robert J. McNeill
Name: Robert J. McNeill
Title: Executive Manager

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

BNP PARIBAS, as a Lender

By: /s/ Brian M. Malone
Name: Brian M. Malone
Title: Managing Director

By: /s/ Greg Smothers
Name: Greg Smothers
Title: Vice President

1200 Smith Street, Suite 3100
Houston, Texas 77002
Attn: Mark Cox
Telephone: (713) 982-1152
Facsimile: (713) 859-6915

With a copy to:

1200 Smith Street, Suite 3100
Houston, Texas 77002
Attn: David Dodd
Telephone: (713) 982-1156
Facsimile: (713) 859-6915

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

135 Bishopsgate London, England EC2M 3UR Attn: Jane Woodley Telephone: (011) 44-207-375-5724 Facsimile: (011) 44-207-375-5919	THE ROYAL BANK OF SCOTLAND PLC, as a Lender By: /s/ Keith Johnson Name: Keith Johnson Title: Senior Vice President

With a copy to:

JP Morgan Chase Towers
600 Travis, Suite 6070
Houston, Texas 77002
Attn: Adam Pettifer
Telephone: (713) 221-2416
Facsimile: (713) 221-2430

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ C. Michael Garrido
Name: C. Michael Garrido
Title: Senior Vice President

277 Park Avenue, 6th Floor
New York, New York 10172
Attn: Bruce Meredith
Telephone: (212) 224-4194
Facsimile: (212) 224-4384

With a copy to:

277 Park Avenue, 6th Floor
New York, New York 10172
Attn: Kenneth Austin
Telephone: (212) 224-4043
Facsimile: (212) 224-4384

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1221 McKinney Street, Suite 4100
Houston, Texas 77010
Attn: Lynn Williford
Telephone: (713) 651-9444 x104
Facsimile: (713) 651-9209

THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH, as a Lender

By: /s/ Michael N. Oakes

Name: Michael N. Oakes

Title: Senior Vice President, Houston Office

[SIGNATURE PAGE TO THIRD AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Third Amendment to Term Loan Agreement dated effective as of February 7, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

55 East 52nd Street, 11th Floor
New York, New York 10055
Attn: Ryoichi Konishi
Telephone: (212) 339-6172
Facsimile: (212) 754-2360

UNITED FINANCIAL OF JAPAN, as a Lender

By:

Name:

Title:

[SIGNATURE PAGE TO THIRD AMENDMENT
TO TERM LOAN AGREEMENT]

EXHIBIT 10(q)

AMENDMENT AND CONSENT

AMENDMENT AND CONSENT dated as of August 17, 2000 ("Agreement") by the undersigned persons (the "Parties").

PRELIMINARY STATEMENTS

A. The Parties are parties to certain Operative Documents referred to in the Amended and Restated Participation Agreement dated as of September 2, 1998 (the "Participation Agreement") among Williams Communications, Inc. ("WCI"), State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity except as expressly set forth therein, but solely as Trustee (the "Trustee"), the persons named therein as note purchasers and their permitted successors and assigns (the "Note Holders"), the persons named therein as certificate purchasers and their permitted successors and assigns (the "Certificate Holders"), the persons named therein as APA Purchasers and their permitted successors and assigns (the "APA Purchasers"), State Street Bank and Trust Company ("State Street") not in its individual capacity but solely as Collateral Agent (the "Collateral Agent"), and Citibank, N.A., in its capacity as agent for the Note Holders and the Certificate Holders (the "Agent").

B. The Williams Companies, Inc. ("TWC"), successor in interest by merger dated July 31, 1999 to Williams Holdings of Delaware, Inc., as Guarantor under the Amended and Restated Guaranty Agreement dated as of September 2, 1998 (the "Guaranty"), has requested that the Guaranty be amended and restated in its entirety as set forth herein.

C. WCI, the Trustee, the Collateral Agent, the Agent and the Majority Holders (as defined below) are willing to amend and restate the Guaranty in its entirety, but only subject to the terms and conditions set forth in this Agreement.

D. The Parties, other than WCI and TWC, are willing to consent to the amendment and restatement of the Guaranty requested by TWC, but only subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, (i) terms defined in the first paragraph, preliminary statements or other sections of this Agreement shall have the meanings set forth therein, and (ii) capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement and the other Operative Documents referred to therein.

ARTICLE II

AMENDMENT AND CONSENT

2.1 Amendment and Restatement of the Guaranty. Effective as set forth in Section 4.3 hereof, the Guaranty is amended and restated to read in its entirety in the form attached as Exhibit A hereto.

2.2 Consent to Amendment and Restatement. Each of the Parties to this Agreement, other than the APA Purchasers, hereby consents to the amendment and restatement of the Guaranty set forth in Section 2.1 of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of WCI. WCI represents and warrants as follows:

(a) WCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution, delivery and performance by WCI of this Agreement is within its corporate power, has been duly authorized by all necessary corporate action, and does not contravene, constitute a default under or a breach of (i) the certificate of incorporation or by-laws of WCI or (ii) any contract, lease, indenture, agreement or instrument binding on WCI or its property or (iii) any Law binding on WCI or its property.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by WCI of this Agreement.

(d) This Agreement has been duly executed and delivered by WCI. This Agreement is the legal, valid and binding obligation of WCI enforceable against WCI, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforceability of creditors' rights generally and by general principles of equity.

(e) The representations and warranties of WCI contained in each of the Operative Documents are correct in all material respects on and as of the date hereof, as though made on and as of the date hereof.

(f) No event has occurred and is continuing which constitutes a Default as of the date hereof.

3.2 Representations and Warranties of TWC. TWC represents and warrants as follows:

(a) TWC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution, delivery and performance by TWC of this Agreement is within its corporate power, has been duly authorized by all necessary corporate action, and does not contravene, constitute a default under or a breach of (i) the certificate of incorporation or by-laws of TWC, (ii) any contract, lease, indenture, agreement or instrument binding on TWC or its property, or (iii) any Law binding on TWC or its property.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by TWC of this Agreement.

(d) This Agreement has been duly executed and delivered by TWC. This Agreement is the legal, valid and binding obligation of TWC, enforceable against TWC, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforceability of creditors' rights generally and by general principles of equity.

(e) The representations and warranties of TWC contained in each of the Operative Documents are correct in all material respects on and as of the date hereof, as though made on and as of the date hereof.

(f) No event has occurred and is continuing which constitutes a Default as of the date hereof.

ARTICLE IV

MISCELLANEOUS

4.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

4.2 Execution in Counterparts.This Agreement may be executed in any number of counterparts and by any combination of the parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

4.3 Effectiveness of Amendment and Consent. Upon receipt by the Agent of duly executed counterparts hereof signed by TWC, WCI, the Agent, CXC, the SPV, the Majority Holders, the Majority Purchasers, the Trustee and the Collateral Agent, this Agreement and the amendment and restatement of the Guaranty contained herein shall be deemed effective as of July 25, 2000.

4.4 Expenses. This Agreement is subject to the expense reimbursement provisions of Section 8.13 of the Participation Agreement.

4.5 Effect on the Operative Documents. Upon execution and delivery of this Agreement, (a) each reference in the Guaranty to "this Agreement", "this Guaranty", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Guaranty as amended and restated hereby, and (b) each reference to the Guaranty in any Operative Document or Securitization Document shall mean and be a reference to the Guaranty as amended and restated hereby. Except as expressly modified hereby, all of the terms and conditions of the Operative Documents and the Securitization Documents shall remain unaltered and in full force and effect.

4.6 Trustee. The undersigned Note Holders and Certificate Holders hereby (a) direct the Trustee to give its consent to the actions contemplated hereby by executing and delivering this Agreement, and (b) consent to the execution and delivery by the Trustee of this Agreement.

4.7 Consent. CXC and the Majority Purchasers (as defined in the APA) hereby consent to the execution and delivery of this Agreement by the SPV, as Note Holder, and hereby direct the SPV, as Note Holder, to enter into this Agreement.

4.8 Exculpation of the Trustee. Except for its own gross negligence and willful misconduct and as otherwise expressly provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by SSBTC, not in its individual capacity but solely as Trustee under the Declaration of Trust, in the exercise of the powers and authority conferred and vested in it as the Trustee, (b) each of the undertakings and agreements herein made on the part of the Trustee is made and intended not as a personal representation, undertaking and agreement by SSBTC but is made and intended for the purpose for binding only the Trust Estate created by the Declaration of Trust, (c) nothing herein contained shall be construed as creating any liability on SSBTC, individually or personally, to perform any obligation of the Trustee either expressed or implied contained herein or in the Operative Documents, all such liability, if any, being expressly waived by the parties to this Waiver and Consent and by any Person lawfully claiming by, through or under the parties to this Waiver and Consent and (d) under no circumstances shall SSBTC be personally liable for the payment of any indebtedness or expenses of the Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustee under the Operative Documents.

Remainder of page intentionally left blank

Each of the undersigned has caused this Agreement to be executed by its respective officer or officers thereunto duly authorized, as of the date first written above.

WILLIAMS COMMUNICATIONS, INC.

By: /s/ Howard S. Kalika

Name: Howard S. Kalika
Title: Treasurer

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

CITIBANK, N.A., as Agent

By: /s/ J. Christopher Lyons

Name: J. Christopher Lyons
Title: Attorney-In-Fact

CITIBANK, N.A., as APA Purchaser

By: /s/ J. Christopher Lyons

Name: J. Christopher Lyons
Title: Attorney-In-Fact

CXC INCORPORATED

By: CITICORP NORTH AMERICA, INC.,
as attorney-in-fact

By: /s/ Signature not legible

Name:
Title: V.P.

WC NETWORK FUNDING LLC, as Note Holder,

By: WC Network Holdings, Inc., its sole member

By: /s/ Dwight Jenkins

Name: Dwight Jenkins
Title: Vice President

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee of the 1998 WCI Trust, as Trustee and Lessor

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity but solely as Collateral Agent

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

BANK OF MONTREAL, as an APA Purchaser

By: /s/ Mary Lee Latta

Name: Mary Lee Latta
Title: Director

ROYAL BANK OF CANADA, as an APA Purchaser

By: /s/ Andrew C. Williamson

Name: Andrew C. Williamson
Title: Vice President

THE BANK OF NOVIA SCOTIA, as an APA Purchaser

By: /s/ F.C.S. Ashby

Name: F.C.S. Ashby
Title: Manager Loan Operations

BANK OF AMERICA, N.A., formerly BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION/NATIONSBANK, as an APA Purchaser

By: /s/ Claire Liu

Name: Claire M. Liu
Title: Managing Director

THE CHASE MANHATTAN BANK, as an APA Purchaser

By:

Name:
Title:

TORONTO DOMINION (TEXAS), INC., as an APA Purchaser

By: ____
Name:
Title:

ABN AMRO BANK N.V., as an APA Purchaser

By: /s/ David C. Carrington
Name: David C. Carrington
Title: Group Vice President

By: /s/ Shilpa Parandekar
Name: Shilpa Parandekar
Title: Corporate Banking Officer

FLEET NATIONAL BANK (formerly BANKBOSTON, N.A)., as an APA Purchaser

By: /s/ Kristine A. Kasselman
Name: Kristine A. Kasselman
Title: Managing Director

COMMERZBANK AG, as an APA Purchaser

By: /s/ Harry P. Yergey
Name: Harry P. Yergey
Title: SVP & Manager

By: /s/ Brian J. Campbell
Name: Brian J. Campbell
Title: Vice President

CREDIT AGRICOLE INDOSUEZ, as an APA Purchaser

By: /s/ Brian Knezeak

Name: Brian Knezeak
Title: FVP, Manager

By: /s/ Patrick Cocquerel

Name: Patrick Cocquerel
Title: FVP, Managing Director

BARCLAYS BANK PLC., as an APA Purchaser

By: /s/ Nicholas A. Bell

Name: Nicholas A. Bell
Title: Director, Loan Transaction Management

CIBC INC., as an APA Purchaser

By: /s/ M. Beth Miller

Name: M. Beth Miller
Title: Authorized Signatory

THE BANK OF NEW YORK, as an APA Purchaser

By: /s/ Raymond J. Palmer

Name: Raymond J. Palmer
Title: Vice President

FBTC LEASING CORP., as a Certificate Holder

By: /s/ Masatoshi Kaishita

Name: Masatoshi Kaishita
Title: Treasurer

BNP PARIBAS, as an APA Purchaser

By: /s/ Serge Desrayaud

Name: Serge Desrayaud
Title: Head of Media & Telecom. Asset Management

By: /s/ Gregg W. Bonardi

Name: Gregg W. Bonardi
Title: Vice President

SCOTIABANC INC., as a Certificate Holder

By: /s/ William E. Zarrett

Name: William E. Zarrett
Title: Managing Director

Exhibit A

Form of Second Amended and Restated Guaranty

==

SECOND AMENDED AND RESTATED
GUARANTY AGREEMENT

dated as of August 17, 2000

between

THE WILLIAMS COMPANIES, INC.

and

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, NATIONAL ASSOCIATION,
in its individual capacity as its interests may
appear in the Operative Documents, but otherwise
not in its individual capacity
but solely as Trustee

and

STATE STREET BANK AND TRUST COMPANY,
not in its individual capacity,
but solely as Collateral Agent

and

CITIBANK, N.A.,
as Agent,

and

CITIBANK, N.A.,
as APA Agent

==

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION....2
Section 1.01 Definitions....2
Section 1.02 Computation of Time Periods....9
Section 1.03 Accounting Terms....9
Section 1.04 Use of Certain Terms....10
Section 1.05 Headings and References....10
ARTICLE II GUARANTY AND PAYMENT....10
Section 2.01 Guaranty....10
ARTICLE III REPRESENTATIONS AND WARRANTIES....12
Section 3.01 Representations and Warranties of the Guarantor....12
Section 3.02 Satisfaction of Conditions Under Participation Agreement....14
ARTICLE IV COVENANTS OF THE GUARANTOR....15
Section 4.01 Affirmative Covenants....15
Section 4.02 Negative Covenants....18
ARTICLE V REMEDIES....21
Section 5.01 Remedies....21
ARTICLE VI NATURE OF AGREEMENT....21
Section 6.01 Nature of Guaranty....21
Section 6.02 Survival....21
Section 6.03 Waivers....21
Section 6.04 The Guarantor's Obligations Unconditional....22
ARTICLE VII BANKRUPTCY....24
Section 7.01 No Subrogation....24
Section 7.02 Reinstatement....25
Section 7.03 Non-Discharged Obligations....25
ARTICLE VIII MISCELLANEOUS....26
Section 8.01 Notices....26
Section 8.02 Immunity....26
Section 8.03 Non-Exclusive Remedies....26
Section 8.04 Amendments and Waivers....26
Section 8.05 Severability....26
Section 8.06 Further Assurances....27
Section 8.07 Governing Law and Submission to Jurisdiction....27
Section 8.08 Time....27
Section 8.09 Benefit....27
Section 8.10 Entire Agreement....28
Section 8.11 Counterparts....28

Page

Section 8.12 Reliance.....28
Section 8.13 Survival of Indemnities.....28
Section 8.14 APA..... 28

Schedule I Permitted Liens
Exhibit A Existing Loans and Investments of WCG Subsidiaries

SECOND AMENDED AND RESTATED GUARANTY AGREEMENT

SECOND AMENDED AND RESTATED GUARANTY AGREEMENT, dated as of August 17, 2000 by and between The Williams Companies, Inc., a Delaware corporation, successor in interest by merger dated July 31, 1999 to Williams Holdings of Delaware, Inc. (the "Guarantor"), State Street Bank and Trust Company of Connecticut, National Association, a national banking association, in its individual capacity as its interests may appear in the Operative Documents (as defined below), but otherwise not in its individual capacity but solely as Trustee (the "Trustee"), State Street Bank and Trust Company, not in its individual capacity, but solely as collateral agent for the Purchasers (as defined below) (the "Collateral Agent"), and Citibank, N.A., a national banking association as agent for the Purchasers (the "Agent"), and Citibank, N.A., a national banking association as agent for CXC (as defined below) and the APA Purchasers (as defined below) (the "APA Agent").

Preliminary Statement

A. On the Original Initial Funding Date, as contemplated by the Original Participation Agreement, the Guarantor executed a Guaranty in favor of the Trustee, the Collateral Agent and the Agent for their benefit and for the benefit of the Original Note Holders and Original Certificate Holders (the "Original Guaranty"). In connection with amending and restating the May Participation Agreement (as defined below), the Guarantor amended and restated the Original Guaranty.

B. On the Initial Funding Date, as contemplated in the Participation Agreement, the Guarantor executed the Amended and Restated Guaranty Agreement (the "Amended Guaranty") as an inducement for (i) the Trustee, the Collateral Agent and the Agent to enter into the transactions contemplated by the Operative Documents, (ii) the Note Holders to purchase the Interim Notes, (iii) the Certificate Holders to make Investments, (iv) CXC to make CXC Advances to the SPV under the Finance Facility and (v) CXC, the SPV, the APA Agent, the APA Purchasers and CNAI and Citicorp North America, Inc., as agent for CXC and the APA Purchasers with respect to the Residual Credit Enhancement (as defined in the APA) to enter into the APA, all of which the Trustee, the Collateral Agent, the Agent, the Note Holders, the Certificate Holders, the APA Agent, CXC and the APA Purchasers would have been unwilling to do if the Guarantor did not execute and deliver the Amended Guaranty.

C. The Guarantor intends this Guaranty to amend and restate the Amended Guaranty to reflect certain terms set forth in the Credit Agreement (as defined below).

In consideration of the mutual covenants and agreements set forth herein and intending to be legally bound by this Agreement, the Guarantor, the Trustee, the Collateral Agent, the Agent and the APA Agent hereby agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01 Definitions. As used in this Agreement, terms defined in the preceding paragraphs or in other sections of this Agreement shall have the meanings specified therein, the terms defined in Appendix A to the Participation Agreement (as defined below), and not otherwise defined herein, shall have the meanings set forth therein, and the following terms shall have the meanings set forth below:

"Agreement" means this Second Amended and Restated Guaranty Agreement.

"American Soda" means American Soda, L.L.P., a Colorado limited liability partnership.

"Bank" means the lenders listed on the signature pages of the Credit Agreement and each other Person that becomes a Bank pursuant to the last sentence of Section 8.06(a) of the Credit Agreement.

"Cash Holdings" of any Person means the total investment of such Person at the time of determination in:

(a) demand deposits and time deposits maturing within one year with a Bank (or other commercial banking institution of the stature referred to in clause (d)(i));

(b) any note or other evidence of indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or by a government of another country which carries a long-term rating of Aaa by Moody's or AAA by S&P;

(c) commercial paper maturing not more than nine months from the date of issue, which is issued by:

(i) a corporation (other than an affiliate of the Guarantor) rated (x) A-1 by S&P, P-1 by Moody's or F-1 by Fitch or (y) lower than set forth in clause (x) above, provided that the value of all such commercial paper shall not exceed 10% of the total value of all commercial paper comprising "Cash Holdings;" or

(ii) any Bank (or its holding company) with a rating on its long-term unsecured debt of at least AA by S&P or Aa by Moody's;

(d) any certificate of deposit or bankers acceptance, maturing not more than three years after such time, which is issued by either:

(i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $1,000,000,000; or

(ii) any Bank with a rating on its long-term unsecured debt of at least AA by S&P or Aa by Moody's;

(e) notes or other evidences of indebtedness, maturing not more than three years after such time, issued by:

(i) a corporation (other than an affiliate of the Guarantor) rated AA by S&P or Aa by Moody's; or

(ii) any Bank (or its holding company) with a rating on its long-term unsecured debt of at least AA by S&P or Aa by Moody's;

(f) any repurchase agreement entered into with any Bank (or other commercial banking institution of the stature referred to in clause (d)(i)) which:

(i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (d); and

(ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Bank (or other commercial banking institution) thereunder; and

(g) money market preferred instruments by participation in a Dutch auction (or the equivalent) where the investment is rated no lower than Aa by Moody's or AA by S&P.

"Consolidated" refers to the consolidation of the accounts of any Person and its Subsidiaries in accordance with GAAP; provided that, unless otherwise provided, in the case of the Guarantor, "Consolidated" shall mean the consolidation of the accounts of the Guarantor and its Subsidiaries and shall not include any accounts of the WCG Subsidiaries; provided that for purposes of the Consolidated financial statements required to be delivered pursuant to Sections 3.01(e), 4.01(b)(ii) and 4.01(b)(iii) and where otherwise provided, the consolidation of the accounts of the Guarantor and its Subsidiaries shall include the WCG Subsidiaries.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Subsidiaries on a Consolidated basis plus, in the case of the Guarantor, the Designated Minority Interests to the extent not otherwise included; provided that, in no event shall the value ascribed to Designated Minority Interests exceed $136,892,000 in the aggregate.

"Consolidating" refers to, with respect to the balance sheets and statements of income and cash flows required by Sections 3.01(e), 4.01(b)(ii) and 4.01(b)(iii), the consolidation of the accounts of the Guarantor and its Subsidiaries in accordance with the following format: (i) the WCG Subsidiaries, (ii) the Guarantor and its Subsidiaries (which term does not include the WCG Subsidiaries), (iii) consolidation

adjustments, and (iv) Consolidated financial statements of the Guarantor and each Subsidiary of the Guarantor, including the WCG Subsidiaries.

"Credit Agreement" means the Credit Agreement dated as of July 25, 2000 among The Williams Companies, Inc., Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation, Texas Gas Transmission Corporation, as Borrowers, the Banks named therein, as Banks, and Citibank, N.A., as Agent, as in effect on the date of this Agreement.

"Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with GAAP, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition, and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule I or resulting from any sale and leaseback referred to in paragraph (aa) of Schedule I; and provided further, it is the understanding of the parties hereto that Debt shall not include any monetary obligations of Persons as lessee under leases that are in accordance with GAAP, recorded as operating leases.

"Designated Minority Interests" of the Guarantor means, as of any date of determination, the total of the minority interests in the following Subsidiaries of the Guarantor: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, and (vi) other Subsidiaries of the Guarantor, as presented in its Consolidating balance sheet, in an amount not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in clauses (i) through (v); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests."

"EDGAR" means "Electronic Data Gathering, Analysis and Retrieval" system, a database maintained by the Securities and Exchange Commission containing electronic filings of issues of certain securities.

"El Furrial" means WilPro Energy Services (El Furrial) Limited, a Cayman Islands corporation.

"Environmental Protection Statutes" means any United States local, state of federal or any foreign Law or agreement arising from or in connection with or relating to the protection or regulation of the environment (as defined in 42 U.S.C. Section 9601(8) as of the date of the Credit Agreement), including, those Laws or agreements relating to the disposal, cleanup, production, storing, refining, handling, transferring, processing or transporting of Hazardous Waste, Hazardous Substances or any pollutant or contaminant, wherever located.

"Fitch" means Fitch, Inc.

"Guaranteed Instruments" means:

(i) If the Lessee shall have delivered an Offer to Purchase pursuant to the Lease or the Lessor shall have delivered a Termination Notice pursuant to the Lease, then the "Guaranteed Instruments" shall be all the Instruments;

(ii) If the Lessee has not delivered an Offer to Purchase and the Lessor has not delivered a Termination Notice, then (A) if no Event of Default has occurred and is continuing at such time, the "Guaranteed Instruments" shall be the A-Notes and B-Notes, to the extent of the Residual Value Amount; (B) if an Event of Default under Section 6.01(p) or 6.01(q)(i) of the Participation Agreement has occurred and is continuing at such time, the "Guaranteed Instruments" shall be the A-Notes and B-Notes, to the extent of the Residual Value Amount; (C) on or after the Completion Date, if an Event of Default (other than under Section 6.01(p) or 6.01(q)(i) of the Participation Agreement or an Event of Default relating to fraud, misapplication of funds, illegal acts, or willful misconduct on the part of the Lessee) has occurred and is continuing at such time, the "Guaranteed Instruments" shall be the A-Notes and B-Notes; (D) prior to the Completion Date, if an Event of Default (other than under Section 6.01(g) or 6.01(h) of the Participation Agreement or an Event of Default relating to fraud, misapplication of funds, illegal acts, or willful misconduct on the part of the Lessee) has occurred and is continuing at such time, the "Guaranteed Instruments" shall be the A-Notes and B-Notes, to the extent of the Residual Value Amount; and (E) prior to the Completion Date, if an Event of Default under Section 6.01(g) or 6.01(h) of the Participation Agreement has occurred and is continuing at such time, or to the extent of any claims brought by the Lessor relating to fraud, misapplication of funds, illegal acts, or willful misconduct on the part of the Lessee, the "Guaranteed Instruments" shall be the A-Notes and the B-Notes.

"Guaranteed Obligations" means, collectively the obligations described in clauses (i) through (v) of Section 2.01(a), in each case, whether arising under the Operative Documents referred to in the May Participation Agreement or under the Operative Documents referred to in the Participation Agreement.

"Guaranteed Parties" means each of the Agent, the Trustee, the Collateral Agent, the APA Agent, the Purchasers, the APA Purchasers, CXC and CXC's Credit Enhancer.

"Guaranty Default" means any one or more of the following events or conditions occurs or exists:

(a) the Guarantor shall fail to pay, satisfy and perform the Guaranteed Obligations pursuant to Section 2.01 (after the passage of any applicable grace or cure period with respect thereto under the Operative Documents); or

(b) any certification, representation or warranty made by the Guarantor herein or by the Guarantor (or any officer of the Guarantor) in writing under or in connection with this Agreement or under any other Operative Document (including, without limitation, representations and warranties made or

deemed made pursuant to Section 3.01 or 3.02) shall prove to have been incorrect in any material respect when made or deemed made; or

(c) the Guarantor shall fail to perform or observe (i) any term, covenant or agreement contained in Section 4.01(b) on its part to be performed or observed and such failure shall continue for ten Business Days after the earlier of the date notice thereof shall have been given to the Guarantor by the Agent or any Bank or the date the Guarantor shall have knowledge of such failure, or (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 4.01(b) or 2.01) or in any other Operative Document or on its part to be performed or observed and such failure shall continue for five Business Days after the earlier of the date notice thereof shall have been given to the Guarantor by the Agent or any Purchaser or the date the Guarantor shall have knowledge of such failure; or

(d) the Guarantor or any Subsidiary of the Guarantor shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least $60,000,000 in the aggregate of the Guarantor or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment or as required pursuant to an illegality event of the type set forth in Section 2.12 of the Credit Agreement), prior to the stated maturity thereof; provided, however, that the provisions of this subsection (d) shall not apply to any Non-Recourse Debt of any Non-Borrowing Subsidiary (as defined in the Credit Agreement) of the Guarantor under the Credit Agreement; or

(e) the Guarantor or any Material Subsidiary of the Guarantor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Guarantor or any Material Subsidiary of the Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain undismissed or unstayed for a period of 60 days; or the Guarantor or any

Material Subsidiary of the Guarantor shall take any action to authorize any of the actions set forth above in this subsection (e); or

(f) any judgment or order for the payment of money in excess of $60,000,000 shall be rendered against the Guarantor or any Material Subsidiary of the Guarantor and remain unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) any Termination Event with respect to a Plan shall have occurred and, 30 days after notice thereof shall have been given to the Guarantor by the Agent, (i) such Termination Event shall still exist and (ii) the sum (determined as of the date of occurrence of such Termination Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which a Termination Event shall have occurred and then exist (or in the case of a Plan with respect to which a Termination Event described in clause (ii) of the definition of Termination Event shall have occurred and then exist, the liability related thereto) is equal to or greater than $75,000,000; or

(h) the Guarantor or any ERISA Affiliate of the Guarantor shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date of such notification), exceeds $75,000,000 in the aggregate or requires payments exceeding $50,000,000 per annum; or

(i) the Guarantor or any ERISA Affiliate of the Guarantor shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years which include the date hereof by an amount exceeding $75,000,000;

(j) any Event of Default under the Credit Agreement occurs and is continuing.

"Hazardous Substance" has the meaning set forth in 42 U.S.C. Section 9601(14) and shall also include each other substance considered to be a hazardous substance under any Environmental Protection Statute.

"Hazardous Waste" has the meaning set forth in 42 U.S.C. Section 6903(5) and shall also include each other substance considered to be a hazardous waste under any Environmental Protection Statute (including 40 C.F.R. Section 261.3)

"Material Subsidiary" means, with respect to the Guarantor, each Relevant Subsidiary and each "significant subsidiary" of the Guarantor (or its Subsidiaries) as such term is defined in Rule 405 under the Securities Act, excluding the WCG Subsidiaries.

"May Participation Agreement" means the Participation Agreement dated as of May 6, 1998, as amended, among Williams Communications, Inc., the Trustee, Citibank N.A. as the Agent and the Collateral Agent, and the financial institutions named therein as Purchasers, as it may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

"Nebraska Energy" means Nebraska Energy, L.L.C., a Kansas limited liability company.

"Net Debt" means for any Person, as of any date of determination, the excess of (x) the aggregate amount of all Debt of such Person and its Subsidiaries on a Consolidated basis, excluding Non-Recourse Debt, over (y) the sum of the Cash Holdings of such Person and its Subsidiaries on a Consolidated basis.

"Net Worth" of any Person means, as of any date of determination, the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with GAAP.

"Non-Recourse Debt" means Debt incurred by any non-material, Non-Borrowing Subsidiary (as defined in the Credit Agreement) to finance the acquisition (other than any acquisition from the Guarantor or any Subsidiary) or construction of a project, which Debt does not permit or provide for recourse against the Guarantor or any Subsidiary of the Guarantor (other than the Subsidiary that is to acquire or construct such project) or any property or asset of the Guarantor or any Subsidiary of the Guarantor (other than property or assets of the Subsidiary that is to acquire or construct such project). For purposes of this definition, a "non-material Subsidiary" shall mean any Subsidiary of the Guarantor which, as of the date of the most recent Consolidating balance sheet of the Guarantor delivered pursuant to Section 4.01 as described in clause (ii) of the definition of "Consolidating," has total assets which account for less than five percent (5%) of the total assets of the Guarantor and its Subsidiaries, as shown in the column described in clause (ii) of the definition of "Consolidating" of such Consolidating balance sheet; provided that, the total aggregate assets of non-material Subsidiaries shall not comprise at any time more than ten percent (10%) of the total assets of the Guarantor and its Subsidiaries, as shown in such column of such Consolidating balance sheet.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of the date hereof among the Company, the Trustee, the Persons named therein as Note Holders, Certificate Holders and APA Purchasers, the Collateral Agent and the Agent.

"Permitted Liens" means, with respect to the Guarantor or any Subsidiary of the Guarantor, Liens specifically described on Schedule I.

"PIGAP II" means WilPro Energy Services (PIGAP II) Limited, a Cayman Islands corporation.

"Public Filings" means the Guarantor's Annual Report on Form 10-K/A for the year ended December 31, 1999 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.

"Related Party" of any Person means any corporation, partnership, joint venture or other entity of which more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective or whether or not at the time capital stock or other equity interests of any other class of classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person or which owns at the time directly or indirectly more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such Person or others performing similar functions (irrespective or whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency); provided, however, that neither TWC nor any Subsidiary of TWC shall be considered to be a Related Party of TWC or any Subsidiary of TWC.

"Seminole" means Seminole Pipeline Company, a Delaware corporation.

"Subsidiary" of any Person means any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person. Notwithstanding the above, in the case of the Guarantor, "Subsidiary" shall not include the WCG Subsidiaries, except that with respect to the Consolidated balance sheet and related Consolidated statements of income and cash flows for TWC referred to in Section 3.01(e), 4.01(b)(ii) and 4.01(b)(iii) and as otherwise specifically provided herein the term "Subsidiary" used with respect to the Guarantor shall include the WCG Subsidiaries.

"TWC" means The Williams Companies, Inc., a Delaware corporation.

"WCG" means Williams Communications Group, Inc., a Delaware corporation.

"WCG Subsidiaries" means, collectively, WCG and any direct or indirect Subsidiary of WCG.

Section 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" means "to but excluding."

Section 1.03 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP applied consistently.

Section 1.04 Use of Certain Terms. Unless the context of this Agreement requires otherwise, the plural includes the singular, the singular includes the plural, the part includes the whole, and "including" has the inclusive meaning of "including without limitation." The words "hereof," "herein," "hereby," "hereunder," and other similar terms of this Agreement refer to this Agreement as a whole and not exclusively to any particular provision of this Agreement. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the person or persons may require.

Section 1.05 Headings and References. Section and other headings are for reference only, and shall not affect the interpretation or meaning of any provision of this Agreement. Unless otherwise provided, references to Articles, Sections, Schedules, and Exhibits shall be deemed references to Articles, Sections, Schedules, and Exhibits of this Agreement. References to this Agreement include this Agreement as the same may be modified, amended, restated or supplemented from time to time pursuant to the provisions hereof. A reference to any law shall mean that law as it may be amended, modified or supplemented from time to time, and any successor law and to any applicable rules, regulations or orders as in effect from time to time. A reference to a Person includes the successors and assigns of such Person, except to the extent that this Agreement or any other Operative Document may restrict assignment or rights of assignees. A reference in this Agreement to any other Operative Document shall be deemed a reference to that Operative Document as it may be amended, modified or supplemented from time to time. A reference in Section 2.01 to any Operative Document (or to any Fixed Rent, Additional Rent, Additional Costs, Residual Value Amount, Termination Value, indemnification payment or other amounts payable under representations or warranties in, or covenants, undertakings or other obligations under any Operative Document) shall be deemed a reference to both the Operative Documents (and such payment obligations, representations, warranties, covenants, undertakings and other obligations) as defined in the Original Guaranty and to the Operative Documents (and such payment obligations, representations, warranties, covenants, undertakings and other obligations) as defined in this Agreement.

ARTICLE II

GUARANTY AND PAYMENT

Section 2.01 Guaranty.

(a) Guaranteed Obligations. The Guarantor hereby unconditionally and irrevocably guarantees to, and agrees with and for the benefit of the Guaranteed Parties that:

(i) The Fixed Rent, Additional Rent, Additional Costs, Residual Value Amount, Termination Value, indemnification payments and all other amounts payable by each Relevant Subsidiary under the Operative Documents will be promptly paid in full when due in accordance with the provisions thereof;

(ii) Each Relevant Subsidiary will perform, comply with and observe (or cause to be performed, complied with or observed) all obligations, covenants, terms, conditions, indemnities and undertakings required under the Operative Documents in accordance with the provisions thereof;

(iii) All representations, warranties, certifications or statements made by each Relevant Subsidiary, and their respective officers, pursuant to each of the Operative Documents are true and correct as of the date made (or, if made or delivered after the date hereof, will be true and correct when made or delivered);

(iv) All amounts due in respect of the Guaranteed Instruments (including all principal or stated amount of, and interest or yield on, as applicable, the Guaranteed Instruments, together with any other sums which may become due pursuant to any Operative Document with respect to the Guaranteed Instruments) will be promptly paid in full (A) when due, whether at stated maturity, by acceleration or otherwise, in accordance with the provisions of such Guaranteed Instruments and of the Operative Documents and (B) upon the occurrence of an Event of Default; and

(v) All amounts due in respect of any Guaranteed Obligations or Guaranteed Instruments (each as defined in the Original Guaranty), to the extent such Guaranteed Obligations arose on or prior to the date hereof and remain unpaid or unsatisfied on or after the date hereof or such Guaranteed Instruments remaining outstanding and unpaid on or after the date hereof.

(b) Tax Gross-Up. Payments of Guaranteed Obligations shall be made (or grossed-up, as applicable) free and clear of all Taxes and Other Charges (other than Excluded Charges) in the manner set forth in Section 5.04 of the Participation Agreement.

(c) Enforcement. Regardless of whether the Guaranteed Parties are (at any time) precluded or stayed from enforcing or exercising any of their rights or remedies under the Operative Documents against any Relevant Subsidiary, the Guaranteed Obligations may be enforced directly against the Guarantor (as a primary obligation of the Guarantor) without the joinder of, demand on, or the taking of any other action against, any Relevant Subsidiary or any other Person. Regardless of whether any Relevant Subsidiary is precluded or stayed from paying or performing (or otherwise fails to pay or perform) any of the Guaranteed Obligations (upon demand by any Guaranteed Party) the Guarantor shall pay or perform (or cause to be paid or performed) such Guaranteed Obligations. Without limiting the foregoing provisions of this Section 2.01(c), if enforcement of the rights or remedies of any Guaranteed Party under the Operative Documents is dependent upon delivering notices or taking any other Actions (such as delivering a Termination Notice to the Lessee under the Lease), then the Guaranteed Parties may deliver such notices to and take such other Actions with or against the Guarantor (in lieu of a Relevant Subsidiary) for all purposes under this Agreement and the other Operative Documents. This Section 2.01(c) should not be construed to (i) impose any conditions whatsoever on the obligations of the Guarantor under this Agreement or (ii) require the Guaranteed Parties to first exercise or exhaust remedies against any Relevant Subsidiary or any other Person before exercising remedies against the Guarantor pursuant to this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Guarantor. The Guarantor represents and warrants as to itself and its Subsidiaries as follows:

(a) Organization; Required Consents and Permits. The Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a Material Adverse Effect or create any Trust Liability. Each Material Subsidiary of the Guarantor is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a Material Adverse Effect or create any Trust Liability. Each Material Subsidiary of the Guarantor has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a Material Adverse Effect or create any Trust Liability.

(b) Authorization; No Conflict. The execution, delivery and performance by the Guarantor of this Agreement and the other Operative Documents to which the Guarantor is party and the consummation of the transactions contemplated by this Agreement and the other Operative Documents are within the Guarantor's corporate powers, have been duly authorized by all necessary corporate or other action on the Guarantor's part, do not contravene (i) the certificate of incorporation or by-laws of the Guarantor or any Subsidiary of the Guarantor, or (ii) any Law, judgment, order, decree, injunction, instrument or contractual restriction binding on or affecting the Guarantor or any of its Subsidiaries and will not result in or require the creation or imposition of any Lien prohibited by this Agreement or any other Operative Document.

(c) Consents; Governmental Approvals. No consent, authorization or approval or other action by, and no notice to or filing with, any governmental authority, regulatory body or other Person is required for the due execution, delivery and performance by the Guarantor of this Agreement and the other Operative Documents to which the Guarantor is party or the consummation of the transactions contemplated by this Agreement.

(d) Binding Agreement. This Agreement and each of the other Operative Documents to which the Guarantor is party have been duly executed and delivered by the Guarantor. This Agreement and each of the other Operative Documents to which the Guarantor is party are the legal, valid and binding obligations of the Guarantor enforceable against the Guarantor in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar Law affecting creditors' rights generally and by general principles of equity.

(e) Financial Statements. The Consolidated and Consolidating balance sheets of the Guarantor and its Subsidiaries as at December 31, 1999 and at

March 31, 2000, and the related Consolidated and Consolidating statements of income and cash flows of the Guarantor and its Subsidiaries for the fiscal year and the fiscal quarter then ended, copies of which have been furnished to each of the Agent and the Trustee, fairly present the Consolidated and Consolidating financial condition of the Guarantor and its Subsidiaries as at such dates and the Consolidated and Consolidating results of operations of the Guarantor and its Subsidiaries for the year and quarter ended on such dates, all in accordance with GAAP consistently applied subject, in the case of the March 31, 2000 financial statements, to normal, year-end audit adjustments. Except as set forth in the Public Filings, since March 31, 2000, there has been no material adverse change in the condition or operations of the Guarantor or its Subsidiaries.

(f) Litigation. Except as set forth in the Public Filings or as otherwise disclosed in writing by the Guarantor to the Agent and the Trustee after the date hereof and approved by the Majority Purchasers, there is no pending or, to the knowledge of the Guarantor, threatened action or proceeding affecting the Guarantor, any Material Subsidiary of the Guarantor or any WCG Subsidiary before any Governmental Authority, which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity, binding effect or enforceability of this Agreement or any other Operative Document.

(g) Investment Company. The Guarantor is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(h) ERISA. No Termination Event has occurred or is reasonably expected to occur with respect to any Plan that could reasonably be expected to have a Material Adverse Effect on the Guarantor or any Material Subsidiary of the Guarantor (including any material WCG Subsidiary). Neither the Guarantor nor any ERISA Affiliate of the Guarantor has received any notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and the Guarantor is not aware of any reason to expect that any Multiemployer Plan is to be in reorganization or to be terminated within the meaning of Title IV of ERISA that could reasonably be expected to have a Material Adverse Effect on the Guarantor or any Material Subsidiary of the Guarantor (including any material WCG Subsidiary) or any ERISA Affiliate of the Guarantor.

(i) Taxes. As of the date of this Agreement, the United States federal income tax returns of the Guarantor and the Material Subsidiaries of the Guarantor have been examined through the fiscal year ended December 31, 1995. The Guarantor and the Subsidiaries of the Guarantor have filed all United States Federal income tax returns and all other material domestic tax returns which are required to be filed by them and have paid, or provided for the payment before the same become delinquent of, all taxes due pursuant to such returns or pursuant to any assessment received by the Guarantor or any such Subsidiary, other than those taxes contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of the Guarantor and the Material Subsidiaries of the Guarantor in respect of taxes are adequate.

(j) PUHCA. The Guarantor is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(k) Environmental Matters. Except as set forth in the Public Filings or as otherwise disclosed in writing by the Guarantor to the Trustee and the Agent after the

date hereof and approved by the Majority Purchasers, the Guarantor and its Material Subsidiaries are in compliance in all material respects with all Environmental Protection Statutes to the extent material to their respective operations or financial condition. Except as set forth in the Public Filings or as otherwise disclosed in writing by the Guarantor to the Trustee and the Agent after the date hereof and approved by the Majority Purchasers, the aggregate contingent and non-contingent liabilities of the Guarantor and its Subsidiaries (other than those reserved for in accordance with GAAP and set forth in the financial statements regarding the Guarantor referred to in Section 3.01(e) and delivered to the Trustee and the Agent and excluding liabilities to the extent covered by insurance if the insurer has confirmed that such insurance covers such liabilities or which the Guarantor reasonably expects to recover from ratepayers) which are reasonably expected to arise in connection with (i) the requirements of Environmental Protection Statutes or (ii) any obligation or liability to any Person in connection with any Environmental matters (including, without limitation, any release or threatened release (as such terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980) of any Hazardous Waste, Hazardous Substance, other waste, petroleum or petroleum products into the Environment) could not reasonably be expected to have a Material Adverse Effect on the business, assets, condition or operations of the Guarantor and any Subsidiaries of the Guarantor, taken as a whole. For purposes of this clause (k) of Section 3.01, Subsidiaries shall be deemed to include WCG Subsidiaries.

(l) Compliance with Law. The Guarantor is not in material violation of any Law (other than Environmental Protection Statutes, which are the subject of Section 3.01(k) hereof) with respect to the Property or any part thereof or with respect to its business, if any, related to the Property. The Guarantor has not received any notice of, or citation for, any violation of any Law which has not been resolved, which notice or citation relates to the ownership or operation of the Property or any part thereof.

(m) Ownership. The Guarantor owns, directly or indirectly, approximately 85% of the Voting Stock of WCG, the Lessee and each of the other Relevant Subsidiaries.

(n) Full Disclosure. No statement or material furnished by or on behalf of the Guarantor or any Relevant Subsidiary to the Collateral Agent, the Agent, the Purchasers, the Trustee, Special Counsel or Trustee's Special Counsel, in connection with any Operative Document or any transaction contemplated thereby, contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading.

Section 3.02 Satisfaction of Conditions Under Participation Agreement. Upon the making of any Advance under the Participation Agreement, the Guarantor shall be deemed (immediately prior to, and immediately after giving effect to, such Advance) to have repeated and reaffirmed to the Trustee, the Collateral Agent, the Agent, and the Purchasers on the date of such Advance each of its representations and warranties under this Agreement as if stated on such date.

ARTICLE IV

COVENANTS OF THE GUARANTOR

Section 4.01 Affirmative Covenants. So long as any Instrument or Guaranteed Obligation shall remain unpaid, the Guarantor will, unless the Trustee, the Collateral Agent, the Agent, the APA Agent and the Majority Purchasers shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable Laws (except where failure to comply could not reasonably be expected to have a Material Adverse Effect or create any Trust Liability), such compliance to include, without limitation, the payment and discharge before the same become delinquent of all taxes, assessments and governmental charges or levies imposed upon it or any of its Subsidiaries or upon any of its property or any property of any of its Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subsidiaries, provided that neither the Guarantor nor any Subsidiary of the Guarantor shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and with respect to which reserves in conformity with GAAP, if required by GAAP, have been provided on the books of the Guarantor or such Subsidiary, as the case may be.

(b) Reporting Requirements. Furnish to the Trustee, the Agent and each of the Purchasers:

(i) as soon as possible and in any event within five days after the occurrence of each Guaranty Default or each event which, with the giving of notice or lapse of time or both, would constitute an Guaranty Default, continuing on the date of such statement, a statement of an authorized financial officer of the Guarantor setting forth the details of such Guaranty Default or event and the actions, if any, which the Guarantor has taken and proposes to take with respect thereto;

(ii) as soon as available and in any event not later than 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor, the Consolidated and Consolidating balance sheet of the Guarantor and its Subsidiaries as of the end of such quarter and the Consolidated and Consolidating statements of income and cash flows of the Guarantor and its Subsidiaries for the period commencing at the end of the previous year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an authorized financial officer of the Guarantor as having been prepared in accordance with GAAP, provided, that, if any financial statements referred to in this clause (ii) of Section 4.01(b) is readily available on-line through EDGAR, the Guarantor shall not be obligated to furnish copies of such financial statement. An authorized financial officer of the Guarantor shall furnish a certificate (a) stating that he has no knowledge that a Guaranty Default, or an event which, with notice or lapse of time or both, would constitute a Guaranty Default has occurred and is continuing or, if a Guaranty Default or such an event

has occurred and is continuing, a statement as to the nature thereof and the action, if any, which the Guarantor proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Section 4.02(b), provided that for the purposes of clauses (b)(ii) and (b)(iii) of this Section 4.01, "Subsidiaries" when used in relation to a Consolidated balance sheet and the related statements of income and cash flow shall include the WCG Subsidiaries;

(iii) as soon as available and in any event not later than 105 days after the end of each fiscal year of the Guarantor, a copy of the annual audit report for such year for the Guarantor and its Subsidiaries, including therein the Consolidated and Consolidating balance sheet of the Guarantor and its Subsidiaries as of the end of such fiscal year and the Consolidated and Consolidating statements of income and cash flows of the Guarantor and its Subsidiaries for such fiscal year, in each case prepared in accordance with GAAP and certified by Ernst & Young, LLP or other independent certified public accountants of recognized standing acceptable to the Trustee, the Agent and the Majority Purchasers, provided, that, if any financial statement referred to in this clause (iii) of Section 4.02(b) is readily available on-line through EDGAR, the Guarantor shall not be obligated to furnish such financial statements. The Guarantor shall also deliver in conjunction with such financial statements a certificate of such accounting firm to the Trustee, the Agent and the Purchasers (a) stating that, in the course of the regular audit of the business of the Guarantor and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Guaranty Default or an event which, with notice or lapse of time or both, would constitute a Guaranty Default, has occurred and is continuing, or if, in the opinion of such accounting firm, a Guaranty Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (b) showing in detail the calculations supporting such statement in respect of Section 4.02(b);

(iv) such other information respecting the business or properties, or the condition or operations, financial or otherwise, of the Guarantor or any of its Material Subsidiaries as any Purchaser through the Agent may from time to time reasonably request;

(v) promptly after the sending or filing thereof, copies of all proxy material, reports and other information which the Guarantor sends to any of its security holders, and copies of all final reports and final registration statements which the Guarantor or any Material Subsidiary of the Guarantor files with the Securities and Exchange Commission or any national securities exchange, provided, that, if such proxy materials and reports, registration statements and other information are readily available on-line through EDGAR, the Guarantor or Material Subsidiary shall not be obligated to furnish copies thereof;

(vi) as soon as possible and in any event within 30 Business Days after the Guarantor or any ERISA Affiliate of the Guarantor knows or has reason to

know (A) that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Plan has occurred that could have a Material Adverse Effect on the Guarantor, any Material Subsidiary of the Guarantor (including any material WCG Subsidiary) or any ERISA Affiliate of the Guarantor or (B) that any other Termination Event with respect to any Plan has occurred or is reasonably expected to occur that could have a Material Adverse Effect on the Guarantor, any Material Subsidiary of the Guarantor (including any material WCG Subsidiary) or any ERISA Affiliate of the Guarantor, a statement of the chief financial officer or chief accounting officer of the Guarantor describing such Termination Event and the action, if any, which the Guarantor, such Subsidiary or such ERISA Affiliate of the Guarantor proposes to take with respect thereto;

(vii) promptly and in any event within 25 Business Days after receipt thereof by the Guarantor or any ERISA Affiliate of the Guarantor, copies of each notice received by the Guarantor or any ERISA Affiliate of the Guarantor from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) within 30 days following request therefor by any Purchaser, copies of each Schedule B (Actuarial Information) to each annual report (Form 5500 Series) of the Guarantor or any ERISA Affiliate of the Guarantor with respect to each Plan;

(ix) promptly and in any event within 25 Business Days after receipt thereof by the Guarantor or any ERISA Affiliate of the Guarantor from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate of the Guarantor concerning (A) the imposition of a Withdrawal Liability by a Multiemployer Plan, (B) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (C) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (D) the amount of liability incurred, or expected to be incurred, by the Guarantor or any ERISA Affiliate of the Guarantor in connection with any event described in clause (A), (B) or (C) above that, in each case, could have a Material Adverse Effect on the Guarantor or any ERISA Affiliate of the Guarantor;

(x) not more than 60 days (or 105 days in the case of the last fiscal quarter of a fiscal year of the Guarantor) after the end of each fiscal quarter of the Guarantor, a certificate of an authorized financial officer of the Guarantor stating the respective ratings, if any, by each of S&P and Moody's of the senior unsecured long-term debt of the Guarantor as of the last day of such quarter;

(xi) promptly after any withdrawal or termination of or any change in, or issuance, withdrawal or termination of, the rating of any senior unsecured long-term debt of the Guarantor by S&P or Moody's, written notice thereof;

(xii) as soon as available and in any event not later than 60 days after the end of each of the first three quarters of each fiscal year of WCG, the Consolidated unaudited balance sheet of WCG and its Subsidiaries as of the end of such quarter and the Consolidated statements of income and cash flows of WCG and its Subsidiaries for the period commencing at the end of the previous year and ending with the end of such quarter, all in reasonable detail and duly certified by an authorized financial officer of WCG; and

(xiii) as soon as available and in any event not later than 105 days after the end of each fiscal year of WCG, the Consolidated unaudited balance sheet of WCG and its Subsidiaries as of the end of such fiscal year and the Consolidated statements of income and cash flows of WCG and its Subsidiaries for such fiscal year, certified by an authorized financial officer of WCG.

(c) Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Guarantor or its Subsidiaries operate, provided that the Guarantor or any of its Subsidiaries may self-insure to the extent and in the manner normal for companies of like size, type and financial condition, except as otherwise provided in the Lease.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its properties, except (i) where the failure of the Guarantor or any Subsidiary of the Guarantor to preserve and maintain such rights, franchises and privileges and to so qualify and remain qualified could not reasonably be expected to have a Material Adverse Effect or create any Trust Liability, (ii) the Guarantor and its Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 4.02(c) and (iii) the Guarantor and any Subsidiary of the Guarantor may be converted into a limited liability company by statutory election; provided that any such conversion of the Guarantor shall not affect its obligations to the Trustee, the Agent or the Purchasers pursuant to this Agreement.

(e) Ranking of Obligations. Assure, and cause each Relevant Subsidiary to assure, that their obligations under this Agreement and the other Operative Documents to which any Relevant Subsidiary is a party, respectively, rank and will rank at all times at least equally and ratably in all respects with all their respective other unsecured indebtedness.

Section 4.02 Negative Covenants. So long as any Instrument or Guaranteed Obligation shall remain unpaid, the Guarantor will not, without the written consent of the Trustee, the Agent, the APA Agent and the Majority Purchasers:

(a) Liens, Etc. Create, assume, incur or suffer to exist, or permit any of its Subsidiaries to create, assume, incur or suffer to exist, any Lien on or in respect of any of its property, whether now owned or hereafter acquired, or assign or otherwise convey, or permit any such Subsidiary to assign or otherwise convey, any right to receive

income, in each case to secure or provide for the payment of any Debt of any Person, except Permitted Liens.

(b) Debt. Permit the ratio of (A) the aggregate amount of Net Debt of the Guarantor to (B) the sum of the Consolidated Net Worth of the Guarantor plus Net Debt of the Guarantor to exceed 0.65 to 1.0 at any time.

(c) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, or permit any of its Material Subsidiaries to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, except that this Section 4.02(c) shall not prohibit:

(i) the Guarantor and its Subsidiaries from selling, leasing or otherwise transferring their respective assets in the ordinary course of business;

(ii) any merger, consolidation or sale, lease or other transfer of assets involving only TWC and its Subsidiaries; provided, however, that transactions under this paragraph (ii) shall be permitted if, and only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each transaction referred to in this paragraph (ii) involving the Guarantor or any of its Subsidiaries, such transaction could not reasonably be expected to impair materially the ability of the Guarantor or its Subsidiaries to perform its obligations under this Agreement and the other Operative Documents and the Guarantor and Lessee shall continue to exist;

(iii) the Guarantor and its Subsidiaries from selling, leasing or otherwise transferring their respective gathering assets and other production area facilities, or the stock of any Person substantially all of the assets of which are gathering assets and other production area facilities, to TWC or to any Subsidiary of TWC for consideration that is not materially less than the net book value of such assets and facilities; provided, however, that transactions under this paragraph (iii) shall be permitted if, and only if, there shall not exist or such transaction should not result in an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default;

(iv) sales of receivables of any kind by the Guarantor or any of its Subsidiaries other than the Lessee in respect of any amounts due under the Lease or any other Operative Documents.

(d) Agreements to Restrict Dividends and Certain Transfers. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any consensual encumbrance or restriction on the ability of any Subsidiary of the Guarantor (i) to pay, directly or indirectly, dividends or make any other distributions in respect of its capital stock or pay any Debt or other obligation owed to the Guarantor or to any Subsidiary of the Guarantor; or (ii) to make loans or advances to the Guarantor or any Subsidiary of the Guarantor, except (1) those encumbrances and restrictions existing on the date hereof, (2) other customary encumbrances and restrictions now or hereafter existing of the Guarantor or any of its Subsidiaries entered into in the ordinary course of

business that are not more restrictive in any material respect than the encumbrances and restrictions with respect to the Guarantor or its Subsidiaries existing on the date hereof.

(e) Loans and Advances; Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that the Guarantor and its Subsidiaries may permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit B hereof (and such WCG Subsidiaries may permit such loans and advances on Exhibit B to remain outstanding). Except for those investments in existence on the date hereof and listed on Exhibit B hereof, the Guarantor shall not, and the Guarantor shall not permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary.

(f) Maintenance of Ownership of Certain Subsidiaries. Sell, issue or otherwise dispose of, or create, assume, incur or suffer to exist any Lien on or in respect of, or permit any of its Subsidiaries to sell, issue or otherwise dispose of or create, assume, incur or suffer to exist any Lien on or in respect of, any shares of or any interest in any shares of the capital stock or other ownership interests of (i) any Relevant Subsidiary or any of their respective Material Subsidiaries or (ii) any Subsidiary of the Guarantor at the time it owns any shares of or any interest in any shares of the capital stock or other ownership interests of any Relevant Subsidiary or any of their respective Material Subsidiaries; provided, however, that, this Section 4.02(f) shall not prohibit the sale or other disposition of the stock of any Subsidiary of the Guarantor to the Guarantor or any Wholly-Owned Subsidiary of the Guarantor if, but only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each sale or other disposition referred to in this proviso involving the Guarantor or any of its Subsidiaries, such sale or other disposition could not reasonably be expected to impair materially the ability of the Guarantor or its Subsidiaries to perform its obligations under this Agreement and the other Operative Documents and the Guarantor and the Lessee shall continue to exist. Nothing herein shall be construed to permit the Guarantor or any Subsidiary of the Guarantor to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by clause (e) of this Section 4.02.

(g) Compliance with ERISA. (i) Terminate, or permit any ERISA Affiliate of the Guarantor to terminate, any Plan so as to result in any material liability of the Guarantor or any Material Subsidiary of the Guarantor (including any material WCG Subsidiary) or any such ERISA Affiliate to the PBGC, or (ii) permit to exist any occurrence of any Termination Event with respect to a Plan which would have a Material Adverse Effect on the Guarantor or any Material Subsidiary of the Guarantor (including any material WCG Subsidiary).

(h) Transactions with Related Parties. Except as required or expressly permitted by the Operative Documents, make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, or permit any material Subsidiary of the Guarantor to make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, any Related Party of the Guarantor or of such Subsidiary unless as a whole such sales, purchases, extensions of credit, rendition of services and other transactions are (at the time such sale, purchase, extension of credit, rendition of services or other transaction is entered into) on terms and conditions reasonably fair in all material respects to the Guarantor or such Subsidiary in the good faith judgment of the Guarantor.

(i) Guarantees. Guarantee or otherwise become contingently liable for, or permit any of its Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise insure a WCG Subsidiary against loss.

(j) Sale and Lease-Back Transactions. Enter into, or permit any of its Subsidiaries to enter into, any Sale and Lease-Back Transaction, if after giving effect thereto the Guarantor would not be permitted to incur at least $1.00 of additional Debt secured by a Lien permitted by paragraph (z) of Schedule 1.

ARTICLE V

REMEDIES

Section 5.01 Remedies. A Guaranty Default shall constitute an Event of Default under the Participation Agreement and the other Operative Documents. If a Guaranty Default or other Event of Default has occurred and is continuing, the Trustee, the Collateral Agent, the Agent and the APA Agent may exercise any of the rights or remedies granted to the Guaranteed Parties under the Operative Documents. This Agreement may be enforced as to any one or more Guaranty Defaults or other Events of Default either separately or cumulatively.

ARTICLE VI

NATURE OF AGREEMENT

Section 6.01 Nature of Guaranty. This Agreement is (a) irrevocable, unconditional and absolute; (b) a guaranty of payment, performance and compliance and not of collection; and (c) in no way conditioned or contingent upon any attempt to collect from or enforce performance or compliance by any Relevant Subsidiary or any other Subsidiary or any assignees or sublessees of any Relevant Subsidiary or any other Subsidiary, or upon any other event, contingency or circumstance whatsoever. This Agreement and the Guaranteed Obligations shall be binding upon and against the Guarantor without regard to the validity or enforceability of any of the Operative Documents or the Securitization Documents or any provision thereof and the Guarantor hereby waives any defense relating to the enforceability of such documents or any provision contained therein. The Guarantor also agrees to pay to the Guaranteed Parties such further amounts as shall be sufficient to cover the costs of collecting or enforcing the Guaranteed Obligations or otherwise enforcing this Agreement (including reasonable fees, expenses and disbursements of their counsel).

Section 6.02 Survival. The obligations of the Guarantor under this Agreement shall survive in accordance with Section 8.01 of the Participation Agreement.

Section 6.03 Waivers. The Guarantor hereby unconditionally (a) waives any requirement that the Guaranteed Parties or any other Person first make demand upon, or seek to enforce remedies against, any other Person or any collateral or property of such other Person before demanding payment from, or seeking to enforce this Agreement against, the Guarantor; (b) covenants that this Agreement will not be discharged and shall survive in accordance with Section 8.01 of the Participation Agreement; (c) agrees that this Agreement shall remain in full effect without regard to, and shall not be affected or

impaired by, any invalidity, irregularity or unenforceability in whole or in part of, any Operative Document (or any other document executed in connection therewith), or any limitation of the liability of any Relevant Subsidiary or any other Person thereunder, or any limitation on the method or terms of payment thereunder which may now or hereafter be caused or imposed in any manner whatsoever; and (d) except for notices expressly required under the Operative Documents, waives diligence, notice of intent to accelerate, notice of default and notice of acceleration, presentment and protest with respect to the payment of any amount at any time payable under or in connection with the Operative Documents or Securitization Documents. Notice of acceptance of this Agreement and notice of execution, delivery and acceptance of any other instrument or agreement referred to herein, are hereby waived by the Guarantor.

Section 6.04 The Guarantor's Obligations Unconditional. The covenants, agreements and duties of the Guarantor set forth in this Agreement shall not be subject to any counterclaim, setoff, deduction, diminution, abatement, stay, recoupment, suspension, deferment, reduction or defense (other than full and strict compliance or performance by the Guarantor with its obligations hereunder) based upon any claim that the Guarantor, or any other Person, may have against any Relevant Subsidiary, or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not the Guarantor or any Relevant Subsidiary shall have knowledge or notice thereof or shall have assented thereto and notwithstanding the fact that no rights were reserved against the Guarantor in connection therewith) including:

(a) the validity, legality, regularity or enforceability of the Operative Documents, or any of the Guaranteed Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by the Agent, the Trustee, the APA Agent, any Purchaser or any APA Purchaser;

(b) any amendment, modification, renewal, extension, addition, acceleration, deletion or supplement to, or termination of (in whole or in part) or other change in or waiver under the Operative Documents or any of the agreements referred to therein, or any other instrument or agreement applicable to any of the parties to such agreements or any assignment, mortgaging or transfer of any thereof or of any interest therein, or any furnishing or acceptance of additional security or any release of any security; or the failure of any security or the failure of any Person to perfect any interest in any such collateral;

(c) any failure, omission or delay on the part of any Guaranteed Party (i) to enforce, assert or exercise any right, power or remedy under any instrument or agreement referred to in clauses (a) or (b) above or any assignment of any thereof or (ii) to conform with any term of any such instrument or agreement (and notwithstanding that any demand for payment of any of the Guaranteed Obligations made by any Guaranteed Party shall have been rescinded by such party and any of the Guaranteed Obligations continued);

(d) any waiver, consent, extension, indulgence, compromise, surrender, release or other action or inaction under or in respect of any instrument

or agreement referred to in clauses (a) or (b) above or of any agreement, covenant, term or condition contained therein or any obligation or liability of any Guaranteed Party or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of any such instrument or agreement or any such obligation or liability (and notwithstanding that any collateral security, guaranty or right of offset at any time held by any Guaranteed Party for the payment of the Guaranteed Obligations shall have been sold, exchanged, waived, surrendered or released);

(e) the voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the assets, marshaling of assets and liabilities, receiver-ship, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding with respect to the Guarantor, any Relevant Subsidiary or any Guaranteed Party or any other Person or any action taken by any trustee or receiver or by any court in any such proceeding;

(f) any defect in the title, compliance with specifications, conditions, design, operation or fitness for use of, or any damage to or loss or destruction of, or any interruption or cessation in the use or operation of the Property or any portion thereof by any Relevant Subsidiary or any other Person for any reason whatsoever (including, any Loss Event or Environmental Event) regardless of the duration thereof (even though such duration would otherwise constitute a frustration of the purpose of the Operative Documents, whether or not resulting from accident and whether or not without default on the part of any other Person;

(g) any assignment of the Operative Documents or subletting or sale of the Property or any part thereof;

(h) any merger or consolidation of the Guarantor or any Relevant Subsidiary into or with any other Person or any sale, lease, transfer, divestiture or other disposition of any or all of the assets of the Guarantor or any Relevant Subsidiary to any other Person (and regardless of whether such transactions are permitted under the Operative Documents);

(i) any change in the ownership of any shares of capital stock of the Guarantor or any Relevant Subsidiary;

(j) any attachment, claim, demand, charge, lien, levy, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing; or any withholding or diminution at the source, by reason of any Charges, expenses, indebtedness, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against any Person; or any claims, demands, charges or liens of any nature, foreseen or unforeseen, incurred by any Person, or against any sums payable under this Agreement, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided;

(k) any order, judgment, decree, ruling or regulation (whether or not valid) of any court or any Governmental Authority or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Guarantor or any Relevant Subsidiary under the Operative Documents or any assignments thereof;

(l) any action or inaction or election of remedies by any Guaranteed Party, including any failure by any Guaranteed Party to protect, secure, perfect or insure any Lien at any time held by it as security for the Guaranteed Obligations or for this Agreement or any property subject thereto;

(m) any release, discharge or rejection of any Relevant Subsidiary for performance or payment of their obligations under the Operative Documents (including any release, discharge or rejection arising under any Bankruptcy Law or as a result of any bankruptcy or reorganization case affecting the Guarantor or any Relevant Subsidiary);

(n) any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing and any other circumstances that might otherwise constitute a legal or equitable defense or discharge of a guarantor, indemnitor or surety or that might otherwise limit recourse against the Guarantor;

(o) any change in circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Guarantor or any Guaranteed Party and whether or not such change in circumstances shall or might in any manner and to any extent vary the risk of the Guarantor hereunder; or

(p) any other circumstance whatsoever (with or without notice to or knowledge of the Guarantor, the Relevant Subsidiaries or any of their Subsidiaries) which constitutes, or might be construed to constitute, an equitable or legal discharge of any of their obligations under the Operative Documents in bankruptcy or in any other instance.

The obligations of the Guarantor set forth in this Agreement constitute the full recourse obligations of the Guarantor enforceable against it to the full extent of all its assets and properties, notwithstanding any provisions in any agreements from time to time relating to the acquisition, financing and refinancing by the Trustee of its interest in the Property which may limit the liability of the Trustee or any other Person pursuant to such agreements.

ARTICLE VII

BANKRUPTCY

Section 7.01 No Subrogation. THE GUARANTOR HEREBY WAIVES (FOR ALL PERIODS OF TIME THAT THE GUARANTEED OBLIGATIONS HAVE NOT BEEN IRREVOCABLY PAID IN FULL) ANY AND ALL RIGHTS OF

SUBROGATION, INDEMNITY, CONTRIBUTION OR REIMBURSEMENT, ANY BENEFIT OF, OR RIGHT TO ENFORCE ANY REMEDY THAT THE GUARANTEED PARTIES NOW HAVE OR MAY HEREAFTER HAVE AGAINST EACH OF THE RELEVANT SUBSIDIARIES IN RESPECT OF THE GUARANTEED OBLIGATIONS, OR ANY PROPERTY, NOW OR HEREAFTER HELD BY THE AGENT, THE COLLATERAL AGENT, THE TRUSTEE OR THE PURCHASERS AS SECURITY FOR THE GUARANTEED OBLIGATIONS AND ANY AND ALL SIMILAR RIGHTS THE GUARANTOR MAY HAVE AGAINST EACH OF THE RELEVANT SUBSIDIARIES UNDER APPLICABLE LAW OR OTHERWISE. If, notwithstanding the foregoing, any amount shall be paid to the Guarantor on account of any such subrogation, indemnity, contribution or reimbursement rights at any time, such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Trustee to be credited and applied against the Guaranteed Obligations, whether matured, unmatured, absolute or contingent, as the Agent and the Trustee may see fit in their discretion.

Section 7.02 Reinstatement. Notwithstanding anything to the contrary herein contained, this Agreement and all obligations of the Guarantor hereunder, shall continue to be effective or be reinstated, as applicable, if at any time, payment, or any part thereof, of any or all obligations performed by the Guarantor or any Relevant Subsidiary are rescinded, invalidated, or otherwise required to be restored or returned by any Guaranteed Party pursuant to any Bankruptcy Law or upon the insolvency, bankruptcy or reorganization of the Guarantor or any Relevant Subsidiary (or otherwise) all as though such payment or application of proceeds had not been made. Without limiting the generality of the foregoing, if prior to any such rescission, invalidation, declaration, restoration or return, this Agreement or any other Operative Document shall have been canceled or surrendered, this Agreement and the Guaranteed Obligations shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of the Guarantor in respect of the amount of the affected payment or application of proceeds (or any Lien or collateral securing such obligation).

Section 7.03 Non-Discharged Obligations. Notwithstanding (a) any modification, discharge or extension of the obligations of the Guarantor hereunder or the obligations of any Relevant Subsidiary under the Operative Documents, (b) any disallowance of all or any portion of any Guaranteed Party's claim for repayment or performance of such obligations, (c) any use of cash or other collateral pursuant to any Bankruptcy Law or in any bankruptcy or reorganization case, (d) any agreement or stipulation as to adequate protection pursuant to any Bankruptcy Law or in any bankruptcy or reorganization case, (e) any failure by any Guaranteed Party to file or enforce a claim against the Guarantor, any Relevant Subsidiary or its estate pursuant to any Bankruptcy Law or in any bankruptcy or reorganization case, or (f) any release, discharge, rejection, amendment, modification, stay or cure of the rights or obligations of any Guaranteed Party, the Guarantor or any Relevant Subsidiary that may occur pursuant to any Bankruptcy Law or in any bankruptcy or reorganization case or proceeding affecting such parties, whether permanent or temporary, and whether assented to by any Guaranteed Party, the Guarantor hereby agrees that the Guarantor shall be obligated to perform hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, consents, offers, directions, approvals, instructions, requests, and other communications given to any Person pursuant to this Agreement shall be in writing and be given in the manner set forth in the Participation Agreement, at the address set forth on the signature page of this Agreement or at such other address as such party shall designate by notice to each of the other parties to the Operative Documents.

Section 8.02 Immunity. The Guarantor represents and warrants that it is not entitled to immunity from judicial proceedings and agrees that, should the Trustee, the Agent, the Collateral Agent, the APA Agent or other Person bring any judicial proceedings to enforce the liability of the Guarantor under this Agreement, no immunity from such proceedings will be claimed by or on behalf of the Guarantor or with respect to the Guarantor's property. Nothing in this Section 8.02 shall affect the right of the Trustee, the Agent, the Collateral Agent, the APA Agent or any other Person to serve process in any manner permitted by Law or to commence legal proceedings or otherwise proceed against the Guarantor in any court in which the Guarantor is subject to suit.

Section 8.03 Non-Exclusive Remedies. No right or remedy of any Guaranteed Party under any Operative Document shall be exclusive of any other right, power or remedy, but shall be cumulative and in addition to any other right, power or remedy thereunder or now or hereafter existing by Law or in equity and the exercise by any Guaranteed Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or further exercise of any or all of such other rights, powers or remedies. Any failure to insist upon the strict performance of any provision hereof or to exercise any option, right, power or remedy contained herein shall not constitute a waiver or relinquishment thereof for the future. Receipt by any Guaranteed Party of any amount payable under any Operative Document with knowledge of a Default or Event of Default shall not constitute a waiver of such Default or Event of Default, and no waiver by any Guaranteed Party of any provision of the Operative Documents shall be deemed to be made unless made in writing. The Guaranteed Parties shall be entitled to injunctive relief in case of the violation or attempted or threatened violation of any of the provisions of the Operative Documents by any other party hereto, a decree compelling performance of any of the provisions hereof, or any other remedy allowed by Law or in equity.

Section 8.04 Amendments and Waivers. All amendments, waivers, consents, or approvals arising pursuant to this Agreement shall be consummated in accordance with Section 8.04 of the Participation Agreement. No waiver by the Guaranteed Parties of any Default or Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Default or Event of Default.

Section 8.05 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable, then the remaining provisions or the application of such provision to Persons or circumstances other than those as to which it is invalid or enforceable, shall continue to be valid and enforceable. The provisions of this Section 8.05 shall not be construed to limit the rights of the Guaranteed Parties to exercise remedies as a consequence of an Event of Default arising pursuant to Section 6.01(o) of the Participation Agreement.

Section 8.06 Further Assurances. The Guarantor hereby agrees to execute and deliver all such instruments and take all such action as the Guaranteed Parties may from time to time reasonably request in order fully to effectuate the purposes of this Agreement.

Section 8.07 Governing Law and Submission to Jurisdiction. (a) THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO ANY OPERATIVE DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE GUARANTOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE AND DOES NOT PRECLUDE ANY GUARANTEED PARTY FROM OBTAINING JURISDICTION OVER THE GUARANTOR IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) THE GUARANTOR AND EACH GUARANTEED PARTY HEREBY (I) IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO ANY OPERATIVE DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (II) IRREVOCABLY WAIVE, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (III) CERTIFY THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (IV) ACKNOWLEDGE THAT IT ENTERED INTO THIS AGREEMENT, AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, BASED UPON AMONG OTHER THINGS THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION.

Section 8.08 Time. Time is of the essence in this Agreement, and the terms herein shall be so construed.

Section 8.09 Benefit. The parties hereto, the Purchasers and their permitted successors and assigns (including participants in the Instruments pursuant to Section 5.03 of the Participation Agreement), and any successor Trustee or successor Collateral Agent or Agent appointed in accordance with the provisions in the Operative Documents, or successor APA Agent appointed in accordance with the provisions of the APA, but no others, shall be bound hereby or entitled to the benefits hereof.

Section 8.10 Entire Agreement. The parties hereto hereby acknowledge and agree that the Operative Documents represent all of the agreements and understandings relating to the transactions contemplated by such documents as between or among the Guaranteed Parties on the one hand and the Guarantor and its Subsidiaries on the other hand and the parties hereto acknowledge and agree that all prior written and oral agreements or understandings between or among such Persons are hereby superseded in their entirety. Notwithstanding the foregoing, the Guarantor agrees that the beneficiaries of the Original Guaranty shall continue to have the benefit of the Original Guaranty (in addition to this Agreement and any other rights they may have under the Operative Documents, applicable Law or otherwise) and may enforce the Original Guaranty in accordance with its terms in respect of any Guaranteed Obligations or Guaranteed Instruments referred to therein, to the extent such Guaranteed Obligations arose on or prior to the date hereof and remain unpaid or unsatisfied on or after the date hereof or such Guaranteed Instruments remaining outstanding and unpaid on or after the date hereof.

Section 8.11 Counterparts. The parties may sign this Agreement in any number of counterparts and on separate counterparts, each of which shall be an original but all of which when taken together shall constitute one and the same instrument.

Section 8.12 Reliance. The Guarantor acknowledges that it has not relied upon any statements, representations or warranties of any of the Guaranteed Parties or any of their agents, representatives, counsel, officers or directors in entering into or guaranteeing any of the Operative Documents, except for the representations and warranties of SSBTC and State Street set forth in Sections 3.02 and 3.03, respectively, of the Participation Agreement.

Section 8.13 Survival of Indemnities. All indemnities under this Guaranty Agreement shall survive the termination of this Agreement, the Lease and the other Operative Documents.

Section 8.14 APA. The Guarantor acknowledges the matters set forth in Section 1.06(d) of the Participation Agreement and confirms that the circumstances referred to therein shall not alter, diminish or otherwise impair or affect the obligations of the Guarantor under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

SIGNATURE PAGE FOR GUARANTY AGREEMENT

THE WILLIAMS COMPANIES, INC.

By:

Name: James G. Ivey
Title: Treasurer

Address for Notices:

The Williams Companies, Inc..
One Williams Center, Suite 500
Tulsa, Oklahoma 74172
Attention: Mr. James G. Ivey
Facsimile: (918) 573-2065

STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, in its individual capacity as its interests may appear in the Operative Documents, but otherwise not in its individual capacity but solely as Trustee

By:

Name:
Title:

Address for Notices:

Two International Plaza
Boston, Massachusetts 02110-2804
Attention: Mr. Earl Dennison
Telephone: (617) 664-5670
Facsimile: (617) 664-5371

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Collateral Agent

By:

Name:
Title:

Address for Notices:

Two International Plaza
Boston, Massachusetts 02110-2804
Attention: Mr. Earl Dennison
Telephone: (617) 664-5670
Facsimile: (617) 664-5371

SIGNATURE PAGE FOR GUARANTY AGREEMENT

CITIBANK N.A., as Agent

By:

Name:
Title:

Address for Notices:

Citibank, N.A.
1200 Smith Street, Suite 2000
Houston, Texas 77002
Attention: Ms. Lydia Junek
Facsimile: (713) 654-2849

with a copy to:

Citibank, N.A., as Agent
Two Penns Way, Suite 200
New Castle, Delaware 19720
Attention: Mr. Brian Maxwell
Facsimile: (302) 894-6120

CITIBANK, N.A., as APA Agent

By:

Name:
Title:

SCHEDULE I

PERMITTED LIENS

(a) Any purchase money Lien created by the Guarantor or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable the Guarantor or any of its Subsidiaries to acquire the property secured by such Lien), provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.

(b) Any Lien existing on any property at the time of the acquisition thereof by the Guarantor or any of its Subsidiaries, whether or not assumed by the Guarantor or any of its Subsidiaries, and any Lien on any property acquired or constructed by the Guarantor or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by the Guarantor or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.

(c) Any Lien created or assumed by the Guarantor or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by the Guarantor or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.

(d) Any Lien existing on any property of a Subsidiary of the Guarantor at the time it becomes a Subsidiary of the Guarantor.

(e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below, provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.

(f) Mechanics' or materialmen's liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings or any Lien arising by reason of pledges or deposits to secure

payment of workmen's compensation or other insurance, good faith deposits in connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of the Guarantor or any of its Subsidiaries.

(g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of the Guarantor or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 10% of Consolidated Tangible Net Worth of the Guarantor.

(h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by the Guarantor or any of its Subsidiaries of any business or the exercise by the Guarantor or any of its Subsidiaries of any privilege or license, (ii) to enable the Guarantor or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to the Guarantor or any of its Subsidiaries or to enable the Guarantor or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.

(i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by the Guarantor or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".

(j) Any Lien created or assumed by a Subsidiary of the Guarantor on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither the Guarantor nor any other Subsidiary of the Guarantor shall assume or guarantee such loans or otherwise be liable in respect thereto.

(k) Liens incurred in the ordinary course of business upon rights-of-way.

(l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.

(m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.

(n) The Lien of taxes and assessments which are not at the time delinquent.

(o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by the Guarantor or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of the Guarantor or the relevant Subsidiary of the Guarantor, as the case may be.

(p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.

(q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of the Guarantor and its Subsidiaries considered as a whole.

(r) Any Liens securing Debt neither assumed nor guaranteed by the Guarantor or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by the Guarantor or any of its Subsidiaries for pipeline, metering station or right-of-way purposes, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by the Guarantor or such Subsidiary.

(s) Easements, exceptions or reservations in any property of the Guarantor or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by the Guarantor or such Subsidiary.

(t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of the Guarantor or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by the Guarantor or such Subsidiary.

(u) Any obligations or duties, affecting the property of the Guarantor or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.

(v) (i) The Liens of any judgments in an aggregate amount for the Guarantor and all of its Subsidiaries not in excess of $5,000,000, execution of which has not been stayed and (ii) the Liens of any judgments in an aggregate amount for the Guarantor and all of its Subsidiaries not in excess of $25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.

(w) Zoning laws and ordinances.

(x) Any Lien existing on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.

(y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by the Guarantor or any of its Subsidiaries for cash.

(z) Any Lien not permitted by paragraphs (a) through (y) above or (aa) below securing Debt of the Guarantor and its Subsidiaries or securing any Debt of the Guarantor and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of the Guarantor and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above or (aa) below plus the amount of Attributable Obligations of the Guarantor and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(j) does not exceed 5% of the sum of (i) Consolidated Tangible Net Worth of the Guarantor plus (ii) Debt of the Guarantor and its Subsidiaries on a Consolidated basis.

(aa) Any overriding royalties or other rights of Pacific Northwest Pipeline Corporation, a Delaware corporation ("Pacific") and Phillips Petroleum Company ("Phillips") or their respective successors in interest under a contract dated January 9, 1953, as amended, between Phillips and Pacific, to which the Guarantor is successor in interest; and the obligations of the Guarantor to surrender, transfer, release or reassign the leases or interests or rights to which said instruments relate under the conditions and upon the occurrence of the events specified in said instruments.

(bb) Any Lien created by the Guarantor or any of its Subsidiaries on any contract (or any rights thereunder or proceeds therefrom) providing for advances by the Guarantor or any of its Subsidiaries to finance gas exploration and development, which Lien is created to secure only indebtedness incurred to finance such advances.

EXHIBIT A

EXISTING LOANS AND INVESTMENTS IN WCG SUBSIDIARIES

Loan Agreement dated as of September 8, 1999 between Williams Communications, Inc., as Borrower, and TWC, as Lender, filed as Exhibit 10.57 to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

Various immaterial intercompany receivables between TWC or its Subsidiaries and the WCG Subsidiaries for services rendered, which are settled on a reasonably prompt basis. Services are rendered to the WCG Subsidiaries by TWC or its Subsidiaries pursuant to certain intercompany services agreements, all of which are filed as exhibits to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

As of July 25, 2000, TWC's investment in WCG consists of 395,434,965 shares of Class B common stock.

EXHIBIT 10(r)

AMENDMENT, WAIVER AND CONSENT

AMENDMENT, WAIVER AND CONSENT dated as of January 31, 2001 (this "Agreement") by the undersigned persons (the "Parties").

PRELIMINARY STATEMENTS

A. The Parties are parties to certain Operative Documents referred to in the Amended and Restated Participation Agreement dated as of September 2, 1998 (the "Participation Agreement") among Williams Communications, LLC, formerly Williams Communications, Inc. ("WCLLC"), State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity except as expressly set forth therein, but solely as Trustee (the "Trustee"), the persons named therein as note purchasers and their permitted successors and assigns (the "Note Holders"), the persons named therein as certificate purchasers and their permitted successors and assigns (the "Certificate Holders"), the persons named therein as APA Purchasers and their permitted successors and assigns (the "APA Purchasers"), State Street Bank and Trust Company ("State Street") not in its individual capacity but solely as collateral agent (the "Collateral Agent"), and Citibank, N.A., in its capacity as agent for the Note Holders and the Certificate Holders (the "Agent").

B. The Williams Companies, Inc. (the "Guarantor"), the Trustee, the Collateral Agent, the Agent and Citibank, N.A., as agent for the APA Purchasers, are parties to the Second Amended and Restated Guaranty Agreement, dated as of August 17, 2000 (the "Guaranty").

C. WCLLC and the Guarantor have requested certain waivers and amendments to the Guaranty, the Participation Agreement and Appendix A to the Participation Agreement.

D. The Parties, other than WCLLC and the Guarantor, are willing to consent to such waivers and amendments, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, (i) terms defined in the first paragraph, preliminary statements or other sections of this Agreement shall have the meanings set forth therein, and (ii) capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement and the other Operative Documents referred to therein.

ARTICLE II

AMENDMENTS AND WAIVERS

2.1 Amendment of Section 1.01. Section 1.01 of the Guaranty is hereby amended as follows:

(a) The definition of "Consolidated Net Worth" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Subsidiaries on a Consolidated basis plus, in the case of the Guarantor, the Designated Minority Interests to the extent not otherwise included; provided that, in no event shall the value ascribed to Designated Minority Interests for the Subsidiaries of the Guarantor described in clauses (i) through (v) and (vii) of the definition of 'Designated Minority Interests' exceed $136,892,000 in the aggregate.

(b) The definition of "Debt" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

"Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with GAAP, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that Debt shall not include (A) any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule I or resulting from any sale and leaseback referred to in paragraph (aa) of Schedule I, (B) any contingent obligation of the Guarantor relating to indebtedness incurred by any Williams SPV, WCG or a WCG Subsidiary pursuant to the WCG Structured Financing or (C) any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with GAAP, recorded as operating leases.

(c) The definition of "Designated Minority Interests" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

"Designated Minority Interests" of the Guarantor means, as of any date of determination, the total of the minority interests in the following Subsidiaries of the Guarantor: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole,

(v) American Soda, (vi) the Midstream Asset MLP, and (vii) other Subsidiaries, as presented in the Consolidating balance sheet of the Guarantor, in an amount not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in items (i) through (vi); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests."

(d) The definition of "Material Subsidiary" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

"Material Subsidiary" means each "significant subsidiary" of the Guarantor (or its Subsidiaries) as such term is defined in Rule 405 under the Securities Act, excluding the WCG Subsidiaries.

(e) The following definitions are added to Section 1.01 of the Guaranty in the appropriate alphabetical order:

"Borrower" means any of the Guarantor, NWP, TGPL or TGT and "Borrowers" means collectively the Guarantor, NWP, TGPL and TGT.

"NWP" means Northwest Pipeline Corporation, a Delaware corporation.

"Midstream Asset MLP" means one or more master limited partnerships included in the Consolidated financial statements of the Guarantor to which the Guarantor has transferred or shall transfer certain assets relating to the distribution, storage and transportation of petroleum products and ammonia, including without limitation marine and inland terminals and related pipeline systems, including, without limitation, Williams Energy Partners L.P.

"Sale Lease-Back Transaction" of any Person means any arrangement entered into by such Person or any Subsidiary of such Person, directly or indirectly, whereby such Person or any Subsidiary of such Person shall sell or transfer any property, whether now owned or hereafter acquired, and whereby such Person or any Subsidiary of such Person shall then or thereafter rent or lease as lessee such property or any part thereof or other property which such Person or any Subsidiary of such Person intends to use for substantially the same purpose or purposes as the property sold or transferred.

"TGPL" means Transcontinental Gas Pipe Line Corporation, a Delaware corporation.

"TGT" means Texas Gas Transmission Corporation, a Delaware corporation.

"WCG Structured Financing" means a certain series of related transactions in anticipation of the spin-off of WCG pursuant to which WCG or a WCG Subsidiary shall obtain loans or equity contributions, either directly from investors in the marketplace or through one or more special purpose vehicles

(each, a "Williams SPV"), which Williams SPV or Williams SPVs may be Subsidiaries of the Guarantor. Principal of such loans and such equity contributions shall be in a cumulative amount after January 31, 2001 which does not exceed in the aggregate $1.5 billion. The Guarantor shall have a contingent obligation with respect to repayment of indebtedness or return on and of equity of the Williams SPV (or Williams SPVs) or WCG or a WCG Subsidiary in regard to such transaction, which contingent obligation shall terminate in each case no later than four (4) years after the effective date of such transaction and shall be satisfied only through the issuance of equity securities unless further sales of equity securities of the Guarantor are not possible or will not result in additional proceeds.

"Williams SPV" is used as defined in the definition of "WCG Structured Financing."

"WPC" means Williams Gas Pipelines Central. Inc., a Delaware corporation, formerly Williams Natural Gas Company.

2.2 Amendment of Section 4.02. Section 4.02(f) of the Guaranty is hereby amended and restated to read in its entirety as follows:

(f) Maintenance of Ownership of Certain Subsidiaries. Sell, issue or otherwise dispose of, or create, assume, incur or suffer to exist any Lien on or in respect of, or permit any of its Subsidiaries to sell, issue or otherwise dispose of or create, assume, incur or suffer to exist any Lien on or in respect of, any shares of or any interest in any shares of the capital stock or other ownership interests of (i) WPC, TGPL, TGT or NWP or any of their respective Material Subsidiaries or (ii) any Subsidiary of the Guarantor at the time it owns any shares of or any interest in any shares of the capital stock or other ownership interests of WPC, TGPL, TGT or NWP or any of their respective Material Subsidiaries; provided, however, that, this Section 4.02(f) shall not prohibit the sale or other disposition of the stock of any Subsidiary of the Guarantor to the Guarantor or any Wholly-Owned Subsidiary of the Guarantor if, but only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each sale or other disposition referred to in this proviso involving the Guarantor or any of its Subsidiaries, such sale or other disposition could not reasonably be expected to impair materially the ability of the Guarantor or its Subsidiaries to perform its obligations under this Agreement and the other Operative Documents and the Guarantor and the Lessee shall continue to exist. Nothing herein shall be construed to permit the Guarantor or any Subsidiary of the Guarantor to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by clause (e) of this Section 4.02.

2.3 Amendment of Appendix A. Appendix A of the Participation Agreement is hereby amended as follows:

(a) The definition of "Relevant Subsidiaries" in such Appendix A is hereby amended and restated to read in its entirety as follows:

> "Relevant Subsidiaries" means collectively the Lessee and those Affiliates of the Lessee performing services under the Services Agreement.

(b) The definition of "Change of Control" in such Appendix A is hereby deleted.

2.4 Amendment of Participation Agreement. Section 6.01 of the Participation Agreement is hereby amended by deleting Section 6.01(u) in its entirety and substituting therefor "(u) Intentionally Omitted".

2.5 Waivers. The Guarantor has requested the waiver of, and each of the other Parties hereto hereby agrees to waive, certain provisions of the Guaranty for and in connection with the transactions described below:

(a) The Guarantor or certain of its Subsidiaries are currently the owners of certain assets described on Schedule A-1 hereto which the Guarantor or such certain Subsidiaries wish to transfer to WCG and/or certain WCG Subsidiaries. In exchange for the transfer to WCG and/or certain WCG Subsidiaries of the assets listed on Schedule A-1 and the assumption by the Guarantor and/or its Subsidiaries of those certain liabilities of WCG or WCG Subsidiaries listed on Schedule A-2, WCG and/or certain WCG Subsidiaries will transfer to the Guarantor and/or its Subsidiaries, the assets listed on Schedule B-1 and will assume those certain liabilities of the Guarantor and/or its Subsidiaries listed on Schedule B-2. The Guarantor hereby represents and warrants that such transaction is being entered into on terms and conditions reasonably fair in all material respects to the Guarantor and its Subsidiaries.

(b) The Guarantor anticipates that it or one of its Subsidiaries may purchase certain assets of WCG or a WCG Subsidiary listed on Schedule A-1 and enter into a Sale Lease-Back Transaction in which the Guarantor or one of its Subsidiaries will lease such assets to WCG or a WCG Subsidiary. The Guarantor hereby covenants that such transaction shall be entered into on terms and conditions reasonably fair in all material respects to the Guarantor and its Subsidiaries. To the extent that such Sale Lease-Back Transaction may be, or may be deemed to be, an investment in WCG or a WCG Subsidiary, such transaction is prohibited by Section 4.02(e) of the Guaranty.

(c) In connection with such asset exchange and the Sale Lease-Back Transaction, and only for purposes of such transactions, the Guarantor requests that the other Parties waive the provisions of Section 4.02(e) of the Guaranty to allow the Guarantor and/or its Subsidiaries to effect the Sale Lease-Back Transaction, described in the preceding paragraph, and to acquire the equity interests and stock in WCG and certain WCG Subsidiaries, as described on Schedule B-1, and to transfer assets to WCG and/or WCG Subsidiaries on the terms set forth above. Nothing herein shall be construed or

deemed to permit the Guarantor or its Subsidiaries to invest in or acquire stock or equity interests in WCG or any WCG Subsidiaries except to the extent described above. Nothing herein shall, or shall be deemed to, waive the provisions of Section 4.02(j) of the Guaranty or any other provisions of the Guaranty applicable to the Sale Lease-Back Transaction, except as expressly set forth above with respect to Section 4.02(e) of the Guaranty.

(d) In connection with the WCG Structured Financing, and only with respect to such WCG Structured Financing, the Guarantor requests that the other Parties waive:

(i) the provisions of Section 4.02(d) of the Guaranty to allow consensual encumbrances and restrictions on the ability of any Williams SPV to make or pay any distributions, dividends, loans or advances to the Guarantor or its Subsidiaries; provided, that, such consensual encumbrances or restrictions (x) are pursuant to the documents governing the WCG Structured Financing and (y) restrict making or paying distributions, dividends, loans or advances of or on only those assets held by a Williams SPV directly relating to the WCG Structured Financing; and

(ii) the provisions of Section 4.02(i) of the Guaranty to allow the Guarantor or a Subsidiary of the Guarantor to be contingently liable for the obligations of any Williams SPV, WCG or WCG Subsidiaries for payments relating to indebtedness or return on and of equity incurred by such entity pursuant to the WCG Structured Financing.

(e) By its signature hereto, each party hereto agrees to waive and does hereby waive (i) Section 4.02(e) of the Guaranty to allow the Guarantor and its Subsidiaries to acquire the equity interests and stock in WCG and certain WCG Subsidiaries, to the extent set forth above and to allow the Guarantor and its Subsidiaries to act as lessor pursuant to the Sale Lease-Back Transaction described above involving assets listed on Schedule A-1; (ii) Section 4.02(d) of the Guaranty to allow consensual encumbrances and restrictions on the ability of any Williams SPV to make or pay distributions, dividends, loans or advances to the Guarantor or its Subsidiaries if such encumbrances and restrictions are pursuant to documents governing the WCG Structured Financing and apply only to assets of such Williams SPV which are directly related to the WCG Structured Financing and (iii) Section 4.02(i) of the Guaranty to allow the Guarantor or a Subsidiary of the Guarantor to be contingently liable with respect to the indebtedness or return on and of equity incurred pursuant to the WCG Structured Financing. Nothing herein shall be deemed or construed to waive any other breach of Sections 4.02(d), 4.02(e) or 4.02(i) of the Guaranty or to waive a breach of any other provision of the Guaranty or any other Operative Document or to require any similar or dissimilar waiver to be granted hereafter.

ARTICLE III

REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Guarantor. To induce the other Parties to enter into this Amendment, the Guarantor hereby reaffirms as to itself and its Subsidiaries, as of the date hereof, its representations and warranties contained in Section 3.01 of the Guaranty (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) The Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Guarantor and its Subsidiaries taken as a whole. Each Material Subsidiary of the Guarantor is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Guarantor and its Subsidiaries taken as a whole. Each Material Subsidiary of the Guarantor has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Guarantor and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Guarantor of this Agreement and the consummation of the transactions contemplated by this Agreement are within the Guarantor's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Guarantor's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Guarantor and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Guarantor of this Agreement or the consummation of the transactions contemplated by this Agreement.

(d) This Agreement has been duly executed and delivered by the Guarantor. This Agreement and the Guaranty as amended by this Agreement are the legal, valid and binding obligations of the Guarantor enforceable against the Guarantor in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings, there is no pending or, to the knowledge of the Guarantor, threatened action or proceeding affecting the Guarantor or any Material Subsidiary of the Guarantor (or in the case of the Guarantor, the Borrowers, any Subsidiary of a Borrower or any WCG Subsidiary) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Guarantor and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Agreement, the Guaranty or any other Operative Document. For the purposes of this Section, "Public Filings" shall mean the respective annual reports of the Guarantor on Form 10-K or Form 10-K/A for the year ended December 31, 1999, and the Guarantor's quarterly reports on Form 10-Q for the quarter ended September 30, 2000.

(f) Upon giving effect to this Agreement, no event has occurred and is continuing which constitutes a Guaranty Default or which would constitute a Guaranty Default but for the requirement that notice be given or time elapse or both.

ARTICLE IV

MISCELLANEOUS

4.1 Effectiveness. The effectiveness of this Agreement is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Agreement executed by the Guarantor, the Agent, the Majority Holders and by CXC and the Majority Purchasers (as defined in the APA);

(b) A certificate of the Secretary or Assistant Secretary of the Guarantor as to (i) any changes (or the absence of changes) since August 17, 2000 to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of the Guarantor authorizing the execution of this Agreement and (iii) the names and true signatures of the officers authorized to execute this Agreement;

(c) A certificate, in form and substance satisfactory to the Agent, dated the date hereof addressed to the Trustee, the Collateral Agent, the Agent and the APA Agent of a responsible officer of WCG and/or each relevant WCG Subsidiary as to (i) its title to those assets transferred to the Guarantor or a Subsidiary of the Guarantor pursuant to the transactions described in Section 2.5 hereof, and (ii) the equity interests and shares of stock issued to the Guarantor or a Subsidiary of the Guarantor; and

(d) Such other documents as the Agent shall have reasonably requested.

4.2 Trustee. The undersigned Note Holders and Certificate Holders hereby (a) direct the Trustee to give its consent to the actions contemplated hereby by executing and delivering this Agreement, and (b) consent to the execution and delivery by the Trustee of this Agreement.

4.3 Consent. Pursuant to the APA, CXC and the Majority Purchasers hereby consent to execution of this Agreement by the SPV.

4.4 Full Force and Effect. Except as specifically amended hereby, the Operative Documents and the Securitization Documents shall remain in full force and effect and are hereby ratified and confirmed.

4.5 Exculpation of the Trustee. Except for its own gross negligence and willful misconduct and as otherwise expressly provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by the Trustee, not in its individual capacity but solely as Trustee under the Declaration of Trust, in the exercise of the powers and authority conferred and vested in it as the Trustee, (b) each of the undertakings and agreements herein made on the part of the Trustee is made and intended not as a personal representation, undertaking and agreement by the Trustee but is made and intended for the purpose for binding only the Trust Estate created by the Declaration of Trust, (c) nothing herein contained shall be construed as creating any liability on the Trustee, individually or personally, to perform any obligation of the Trustee either expressed or implied contained herein or in the Operative Documents, all such liability, if any, being expressly waived by the Parties and by any Person lawfully claiming by, through or under the Parties and (d) under no circumstances shall the Trustee be personally liable for the payment of any indebtedness or expenses of the Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustee under the Operative Documents.

4.6 Exculpation of The Collateral Agent. Except for its own gross negligence and willful misconduct and as otherwise provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by the Collateral Agent, not in its individual capacity but solely as Collateral Agent, under the Interparty Agreement, in the exercise of the powers and authority conferred and vested in it as the Collateral Agent, (b) nothing herein contained shall be construed as creating any liability on the Collateral Agent, individually or personally, to perform any obligation of the Collateral Agent either expressed or implied contained herein or in the Operative Documents, all such liability, if any, being expressly waived by the Parties and by any Person claiming by, through or under the Parties and (c) under no circumstances shall the Collateral Agent be personally liable for the payment of any indebtedness or expenses of the Collateral Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Collateral Agent under this Agreement or the Operative Documents except where such breach or failure is the result of the Collateral Agent's willful misconduct or gross negligence.

4.7 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK.

4.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall, when executed, be deemed to be an original and all of which taken together shall be deemed to be one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their officers thereunto duly authorized as of the day and year first above written.

[SIGNATURE PAGES FOLLOW]

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

WILLIAMS COMMUNICATIONS, LLC

By: /s/ Howard S. Kalika

Name: Howard S. Kalika
Title: Treasurer

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee of the 1998 WCI Trust, as Trustee and Lessor

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity but solely as Collateral Agent

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

CITIBANK, N.A., as Agent

By: /s/ Bran. A. Raskovic

Name: Bran. A. Raskovic
Title: Vice President

CITIBANK, N.A.
as APA Purchaser

By: /s/ Bran. A. Raskovic

Name: Bran. A. Raskovic
Title: Vice President

CXC INCORPORATED

By: CITICORP NORTH AMERICA, INC.,
as attorney-in-fact

By: /s/ Bran. A. Raskovic

Name: Bran. A. Raskovic
Title: Vice President

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

WC NETWORK FUNDING LLC,
as Note Holder

By: WC Network Holdings, Inc.,
its sole member

By: /s/ Dwight Jenkins

Name: Dwight Jenkins
Title: Vice President

FBTC LEASING CORP.,
as Certificate Holder

By: /s/ Victor Mora

Name: Victor Mora
Title: Vice President

SCOTIABANC INC.,
as Certificate Holder

By: /s/ M. D. Smith

Name: M. D. Smith
Title: Agent

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

THE BANK OF NOVA SCOTIA,
as APA Purchaser

By: /s/ A. S. Norsworthy

Name: A. S. Norsworthy
Title: Sr. Team Leader-Loan Operations

BANK OF MONTREAL,
as APA Purchaser

By: /s/ James B. Whitmore

Name: James B. Whitmore
Title: Director

ROYAL BANK OF CANADA,
as APA Purchaser

By:

Name:
Title:

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

BANK OF AMERICA, N.A. (formerly named Bank of America National Trust & Savings Association and successor to NationsBank, N.A.)

By: /s/ Claire Liu

Name: Claire Liu
Title: Managing Director

THE CHASE MANHATTAN BANK,
as APA Purchaser

By: /s/ Constance M. Coleman

Name: Constance M. Coleman
Title: Vice President

BARCLAYS BANK PLC,
as APA Purchaser

By: /s/ Nicholas A. Bell

Name: Nicholas A. Bell
Title: Director, Loan Transaction Management

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

TORONTO DOMINION (TEXAS), INC.
as APA Purchaser

By: /s/ Debbie A. Greene

Name: Debbie A. Greene
Title: Vice President

ABN AMRO BANK, N.V.
as APA Purchaser

By:

Name:
Title:

FLEET NATIONAL BANK FKA., BANKBOSTON,
N.A., as APA Purchaser

By: /s/ Kristine A. Kasselman

Name: Kristine A. Kasselman
Title: Managing Director

CIBC INC., as APA Purchaser

By: /s/ Nora Q. Catiis

Name: Nora Q. Catiis
Title: Authorized Signature

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

THE BANK OF NEW YORK,
as APA Purchaser

By: /s/ Raymond J. Palmer

Name: Raymond J. Palmer
Title: Vice President

BNP Paribas,
as APA Purchaser

By: /s/ Serge Desrayaud

Name: Serge Desrayaud
Title: Head of Asset Management

COMMERZBANK AG, New York and Grand
Cayman Branches as APA Purchaser

By: /s/ Subash R. Viswanathan

Name: Subash R. Viswanathan
Title: Senior Vice President

By: /s/ Brian J. Campbell

Name: Brian J. Campbell
Title: Senior Vice President

Signature Page to Amendment, Waiver and Consent
Dated as of January 31, 2001

CREDIT AGRICOLE INDOSUEZ,
as APA Purchaser

By: /s/ Brian D. Knezeak

Name: Brian D. Knezeak
Title: First Vice President

By: /s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Senior Relationship Manager

SCHEDULE A - 1

ASSETS TO BE TRANSFERRED FROM THE GUARANTOR AND/OR ITS SUBSIDIARIES TO WCG AND/OR WCG SUBSIDIARIES

1. Those certain three aircraft owned by Williams Aviation, Inc., or under contract for purchase by Williams Aviation, Inc, more specifically identified as follows:

   Citation V - located in Chesterfield, Missouri, Tail Number N352WC

   Citation X - located in Tulsa, Oklahoma, Tail Number N358WC

   Citation Excel - scheduled for delivery by April 1, 2001, Tail Number N359WC

   The aggregate value of the three aircraft is $32,000,000.

2. That certain Williams Technology Center located in Tulsa, Oklahoma, and owned by the Williams Headquarters Building Company. The Williams Technology Center is constructing a fifteen story office building that will house various Williams energy and communications employees. It will be attached to the east-end of the existing Bank of Oklahoma Tower at the Plaza, Ground and Service levels. The building is bounded on the north by First Street, east by Cincinnati Avenue, south by Second Street, and west by the podium of the Bank of Oklahoma Tower. The building will contain 733,391 net rentable square feet and accommodate up to 4,000 employees.

3. That certain Parking Garage being constructed on the northeast corner of First Street and Cincinnati Avenue, directly south of the LaPetite Academy daycare center. The parking garage will be six levels tall and contain 1,029 parking spaces. It will be connected to the Williams Technology Center by pedestrian bridges west across Cincinnati and south across First Street.

   The aggregate value of the Williams Technology Center and the Parking Garage (items 2 and 3) is $85,000,000.

4. That certain Intercompany Note executed between the Guarantor and Williams Communications, Inc., on September 8, 1999. The note is for seven years and has approximately $975 million outstanding, bears interest at rates equal to LIBOR, or an alternate base rate, plus a margin based on the debt rating of WCG's credit facility by S&P and Moody's, plus 0.25% based on WCG's ratio of total debt to EBITDA greater than or equal to 6.0 to 1.0. Principle is paid quarterly beginning July 1, 2000.

   The value of the Intercompany Note is $630,000,000.

SCHEDULE A - 2

LIABILITIES OF WCG AND/OR WCG SUBSIDIARIES TO BE ASSUMED BY THE GUARANTOR AND/OR ITS SUBSIDIARIES

1. Payment obligations with respect to those certain building improvements, fixtures and equipment including all construction, design, flooring, food service equipment, security, audio equipment, video equipment, telecommunication equipment, furniture and fixtures, and related costs, including but not limited to material, labor, installation and taxes, as set forth in the Authorization for Expenditure(s) dated September 18, 2000.

   The aggregate value of the building improvements, fixtures and equipment is $160,000,000.

SCHEDULE B - 1

ASSETS TO BE TRANSFERRED FROM WCG AND/OR WCG SUBSIDIARIES
TO THE GUARANTOR AND/OR ITS SUBSIDIARIES

1. All losses or credit carryovers or other similar attributes of WCG not in existence on September 30, 1999, but arising thereafter, and utilized by the Guarantor as part of its consolidated tax return for any consolidated returns filed following September 30, 1999, as described in the Tax Sharing Agreement dated September 30, 1999.

   The aggregate value is $317,000,000.

2. That certain Telecommunications Services Agreement dated January 5, 1995, between The Guarantor and Wiltel, Inc., and subsequently amended. WorldCom, as the successor to Wiltel, provides WCG a specific amount of long distance, frame relay and private line services free of costs other than its out of pocket expenses payable to third parties. WCG resells these services to the Guarantor , its subsidiaries and affiliates at market rates. The term of the agreement is 35 years beginning January 1995.

   The value is $65,000,000.

3. Those certain two dark fibers capable of providing a minimum capacity up to an OC-12 along the entire length of the fiber optic facilities along Transco's main line pipelines from Houston, Texas to Manassas, Virginia and Washington, D.C. to Station 200 outside Philadelphia, Pennsylvania which include property in the states of Texas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Virginia, the District of Columbia, Maryland and Pennsylvania, including the dark fiber needed to connect the non-contiguous points along the Transco right of way (the "Transco Fiber"). The general description of this service is provided in that certain Construction, Operating, Maintenance Agreement dated January 1, 1997. The Transco Fiber excludes any incidental services required to support the dark fiber pair, such as collocation, power, and maintenance fees.

   The aggregate value is $15,000,000.

4. That number of shares of WCG Class A stock to be issued to the Guarantor having an aggregate value equal to approximately $470 million, to be priced based upon the average of the high and low for each of the five business days beginning January 17, 2001 and ending January 23, 2001.]

SCHEDULE B - 2

LIABILITIES OF THE GUARANTOR AND/OR ITS SUBSIDIARIES
TO BE ASSUMED BY WCG AND/OR WCG SUBSIDIARIES

1. All incremental costs to be incurred by WCG in connection with the replacement of certain shared hardware, systems and applications that will need to be replicated upon the separation of the two companies. In addition, WCG will need to procure it own unique software licenses on everything from Microsoft products to the PeopleSoft applications. Also included in this category are those miscellaneous costs incurred to effect the spin- off of WCG from the Guarantor.

   The aggregate value is $40,000,000.

AMENDMENT AND CONSENT

AMENDMENT AND CONSENT dated as of February 7, 2002 (this "Agreement") by the undersigned persons (the "Parties").

PRELIMINARY STATEMENTS

A. The Parties are parties to certain Operative Documents referred to in the Amended and Restated Participation Agreement dated as of September 2, 1998 (the "Participation Agreement") among Williams Communications, LLC, formerly Williams Communications, Inc. ("WCLLC"), State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity except as expressly set forth therein, but solely as Trustee (the "Trustee"), the persons named therein as note purchasers and their permitted successors and assigns (the "Note Holders"), the persons named therein as certificate purchasers and their permitted successors and assigns (the "Certificate Holders"), the persons named therein as APA Purchasers and their permitted successors and assigns (the "APA Purchasers"), State Street Bank and Trust Company ("State Street"), not in its individual capacity but solely as collateral agent (the "Collateral Agent"), and Citibank, N.A., in its capacity as agent for the Note Holders and the Certificate Holders (the "Agent").

B. The Williams Companies, Inc. (the "Guarantor"), the Trustee, the Collateral Agent, the Agent and Citibank, N.A., as agent for the APA Purchasers, are parties to the Second Amended and Restated Guaranty Agreement, dated as of August 17, 2000 (as amended through the date hereof, the "Guaranty").

C. The Guarantor has requested certain amendments to the Guaranty.

D. The Parties, other than the Guarantor, are willing to consent to such amendments, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, (i) terms defined in the first paragraph, preliminary statements or other sections of this Agreement shall have the meanings set forth therein, and (ii) capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement and the other Operative Documents referred to therein.

ARTICLE II

AMENDMENTS

2.1 Amendment of Section 1.01. Section 1.01 of the Guaranty is hereby amended as follows:

(a) The definition of "Debt" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

> "Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that (w) Debt shall not include any obligations of the Guarantor in respect of the FELINE PACS; (x) Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule I; (y) in the case of the Guarantor, Debt shall not include any contingent obligation of the Guarantor relating to indebtedness incurred by any Williams SPV, WCG or a WCG Subsidiary pursuant to the WCG Structured Financing (except that in the event that the WCG Refinancing Transaction shall have occurred, then Debt shall include the aggregate amount of the WCG Structured Financing for which the Guarantor or any of its Subsidiaries shall have become directly and primarily liable); and (z) it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as operating leases.

(b) The following definition of "FELINE PACS" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

> "FELINE PACS" means those certain units, as described in the Guarantor's prospectus supplement dated January 7, 2002, issued by the Guarantor in January, 2002 in an aggregate face amount of $1,100,000,000.

(c) The definition of "Net Worth" in such Section 1.01 is hereby amended and restated to read in its entirety as follows:

"Net Worth" of any Person means, as of any date of determination the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Guarantor in respect of the FELINE PACS.

(d) The definition of "WCG Note" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

"WCG Note" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

(e) The definition of "WCG Refinancing Transaction" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

"WCG Refinancing Transaction" means any transaction or series of related transactions pursuant to which the Guarantor or any Subsidiary of the Guarantor becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate amount not exceeding the outstanding principal amount of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which the Guarantor or any Subsidiary of the Guarantor issues debt securities of the Guarantor or any Subsidiary of the Guarantor, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by the Guarantor or any Subsidiary of the Guarantor, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior Notes were issued, or (v) the Guarantor or any Subsidiary of the Guarantor making any payments in respect of the WCG Senior Notes or the WCG Note.

(f) The definition of "WCG Reimbursement Obligations" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

"WCG Reimbursement Obligations" means any obligations of any WCG Subsidiary in favor of the Guarantor, any Subsidiary of the Guarantor or the WCG Senior Notes Issuer pursuant to which such WCG Subsidiary has agreed to pay the Guarantor, any Subsidiary of the Guarantor or the WCG Senior Notes Issuer an amount equal to or less than the total amount of the obligations incurred by the Guarantor and/or its Subsidiaries in connection with the WCG Refinancing Transaction, including, without limitation, in respect of principal, interest, fees and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes.

(g) The definition of "WCG Senior Notes" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

> "WCG Senior Notes" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

(h) The definition of "WCG Senior Notes Issuer" is hereby inserted in the alphabetically appropriate location in such Section 1.01:

"WCG Senior Notes Issuer" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

2.2 Amendment of Section 4.02. Section 4.02 of the Guaranty is hereby amended as follows:

(a) Clause (c) of Section 4.02 is hereby amended by deleting the period at the end of subclause (iv) thereof, inserting in its place a semicolon and inserting the following new subclause (v) immediately following the existing clause (iv):

> "(v) Williams Pipeline Company, LLC from (1) selling, conveying or otherwise transferring all or substantially all of its assets to another Person or (2) merging or consolidating with or into another Person, in either case, for fair-market value and on commercially reasonable terms and conditions in the good faith judgment of the Guarantor."

(b) Clause (e) of Section 4.02 is hereby amended and restated to read in its entirety as follows:

> "(e) Loans and Advances; Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that the Guarantor and its Subsidiaries may (i) permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit A hereof (and such WCG Subsidiaries may permit such loans and advances to remain outstanding), (ii) purchase or acquire the WCG Senior Notes or the WCG Note pursuant to the WCG Refinancing Transaction, and (iii) purchase or acquire and permit to remain outstanding, the WCG Reimbursement Obligations. Except for those investments in existence on the date hereof and listed on Exhibit A hereof, purchases or acquisitions pursuant to the WCG Refinancing Transaction and purchases or acquisitions of WCG Reimbursement Obligations, the Guarantor shall not, and shall not permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary."

(c) Clause (i) of Section 4.02 is hereby amended by deleting the period at the end of the existing clause (i) and inserting in its place the following:

"; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Guarantor or any Subsidiary of the Guarantor from incurring liability pursuant to the WCG Refinancing Transaction."

ARTICLE III

REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Guarantor. To induce the other Parties to enter into this Agreement, the Guarantor hereby reaffirms as to itself and its Subsidiaries, as of the date hereof, its representations and warranties contained in Section 3.01 of the Guaranty (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) The Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Guarantor and its Subsidiaries taken as a whole. Each Material Subsidiary of the Guarantor is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Guarantor and its Subsidiaries taken as a whole. Each Material Subsidiary of the Guarantor has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Guarantor and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Guarantor of this Agreement and the consummation of the transactions contemplated by this Agreement are within the Guarantor's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Guarantor's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Guarantor and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Guarantor of this Agreement or the consummation of the transactions contemplated by this Agreement.

(d) This Agreement has been duly executed and delivered by the Guarantor. This Agreement and the Guaranty as amended by this Agreement are the legal, valid and

binding obligations of the Guarantor enforceable against the Guarantor in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings and except for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws, there is, as to the Guarantor, no pending or, to the knowledge of the Guarantor, threatened action or proceeding affecting the Guarantor or any material Subsidiary of the Guarantor before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Guarantor and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Agreement, the Guaranty or any other Operative Document. For the purposes of this Section, "Public Filings" shall mean the Guarantor's annual report on Form 10-K for the year ended December 31, 2000, and the Guarantor's quarterly reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001.

(f) Upon giving effect to this Agreement, no event has occurred and is continuing which constitutes a Guaranty Default or which would constitute a Guaranty Default but for the requirement that notice be given or time elapse or both.

ARTICLE IV

MISCELLANEOUS

4.1 Effectiveness. The effectiveness of this Agreement is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Agreement executed by the Guarantor, WCLLC, the Agent, the Majority Holders and by CXC and the Majority Purchasers (as defined in the APA);

(b) A certificate of the Secretary or Assistant Secretary of the Guarantor as to (i) any changes (or the absence of changes) since August 17, 2001 to its certificate of incorporation and its by-laws as of the date hereof, (ii) the resolutions of the Guarantor authorizing the execution of this Agreement and (iii) the names and true signatures of the officers authorized to execute this Agreement; and

(c) Such other documents as the Agent shall have reasonably requested.

4.2 Trustee. The undersigned Note Holders and Certificate Holders hereby (a) direct the Trustee to give its consent to the actions contemplated hereby by executing and delivering this Agreement, and (b) consent to the execution and delivery by the Trustee of this Agreement.

4.3 Consent. Pursuant to the APA, CXC and the Majority Purchasers hereby consent to execution of this Agreement by the SPV.

4.4 Full Force and Effect. Except as specifically amended hereby, the Operative Documents and the Securitization Documents shall remain in full force and effect and are hereby ratified and confirmed. All references to the Guaranty in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Guaranty as amended hereby.

4.5 Exculpation of the Trustee. Except for its own gross negligence and willful misconduct and as otherwise expressly provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by the Trustee, not in its individual capacity but solely as Trustee under the Declaration of Trust, in the exercise of the powers and authority conferred and vested in it as the Trustee, (b) each of the undertakings and agreements herein made on the part of the Trustee is made and intended not as a personal representation, undertaking and agreement by the Trustee but is made and intended for the purpose for binding only the Trust Estate created by the Declaration of Trust, (c) nothing herein contained shall be construed as creating any liability on the Trustee, individually or personally, to perform any obligation of the Trustee either expressed or implied contained herein or in the Operative Documents, all such liability, if any, being expressly waived by the Parties and by any Person lawfully claiming by, through or under the Parties and (d) under no circumstances shall the Trustee be personally liable for the payment of any indebtedness or expenses of the Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustee under the Operative Documents.

4.6 Exculpation of the Collateral Agent. Except for its own gross negligence and willful misconduct and as otherwise provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by the Collateral Agent, not in its individual capacity but solely as Collateral Agent, under the Interparty Agreement, in the exercise of the powers and authority conferred and vested in it as the Collateral Agent, (b) nothing herein contained shall be construed as creating any liability on the Collateral Agent, individually or personally, to perform any obligation of the Collateral Agent either expressed or implied contained herein or in the Operative Documents, all such liability, if any, being expressly waived by the Parties and by any Person claiming by, through or under the Parties and (c) under no circumstances shall the Collateral Agent be personally liable for the payment of any indebtedness or expenses of the Collateral Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Collateral Agent under this Agreement or the Operative Documents except where such breach or failure is the result of the Collateral Agent's willful misconduct or gross negligence.

4.7 Governing Law. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICT OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such

provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall, when executed, be deemed to be an original and all of which taken together shall be deemed to be one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their officers thereunto duly authorized as of the day and year first above written.

[SIGNATURE PAGES FOLLOW]

WILLIAMS COMMUNICATIONS, LLC

By: /s/ Howard S. Kalika

Name: Howard S. Kalika
Title: Senior Vice President & Treasurer

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

STATE STREET BANK AND TRUST
COMPANY OF CONNECTICUT NATIONAL
ASSOCIATION, not in its individual capacity but
solely as Trustee of the 1998 WCI Trust, as
Trustee and Lessor

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

STATE STREET BANK AND TRUST
COMPANY, not in its individual capacity but
solely as Collateral Agent

By: /s/ Earl W. Dennison, Jr.

Name: Earl W. Dennison, Jr.
Title: Vice President

CITIBANK, N.A., as Agent

By: /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Attorney-In-Fact

CITIBANK, N.A.
as APA Purchaser

By: /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Attorney-In-Fact

CXC INCORPORATED

By: CITICORP NORTH AMERICA, INC.,
as attorney-in-fact

By: /s/ Kimberly A. Conyngham

Name: Kimberly A. Conyngham
Title: Vice President

CITICORP NORTH AMERICA, INC.,
as administrative agent for CXC
Incorporated and as RCE Agent

By: /s/ Kimberly A. Conyngham

Name: Kimberly A. Conyngham
Title: Vice President

WC NETWORK FUNDING LLC,
as Note Holder

By: WC Network Holdings, Inc.,
its sole member

By: /s/ Susan C. Ciaramella

Name: Susan C. Ciaramella
Title: Vice President

FBTC LEASING CORP.,
as Certificate Holder

By: /s/ Victor Mora

Name: Victor Mora
Title: Vice President

SCOTIABANC INC.,
as Certificate Holder

By: /s/ W. J. Brown

Name: W. J. Brown
Title:

THE BANK OF NOVA SCOTIA,
as APA Purchaser

By: /s/ M. D. Smith

Name: M. D. Smith
Title: Agent Operations

BANK OF MONTREAL,
as APA Purchaser

By:

Name:
Title:

ROYAL BANK OF CANADA,
as APA Purchaser

By: /s/ Tom J. Oberaigner

Name: Tom J. Oberaigner
Title: Senior Manager

BANK OF AMERICA, N.A., as APA Purchaser

By: /s/ Claire M. Liu

Name: Claire M. Liu
Title: Managing Director

JP MORGAN CHASE BANK (f/k/a The Chase
Manhattan Bank), as APA Purchaser

By: /s/ Steven Wood

Name: Steven Wood

Title: Vice President

BARCLAYS BANK PLC,
as APA Purchaser

By: /s/ Nicholas A. Bell

Name: Nicholas A. Bell
Title: Loan Transaction Manager

TORONTO DOMINION (TEXAS), INC.
as APA Purchaser

By: /s/ Jill Hall

Name: Jill Hall
Title: Vice President

ABN AMRO BANK, N.V.
as APA Purchaser

By: /s/ Neil J. Bivona

Name: Neil J. Bivona
Title: Group Vice President

By: /s/ William J. Teresky, Jr.

Name: William J. Teresky, Jr.
Title: Group Vice President

FLEET NATIONAL BANK (f/k/a BankBoston,
N.A.), as APA Purchaser

By: /s/ Daniel S. Schockling

Name: Daniel S. Schockling
Title: Director

CIBC INC., as APA Purchaser

By: /s/ Mark H. Wolf

Name: Mark H. Wolf
Title: Executive Director

THE BANK OF NEW YORK,
as APA Purchaser

By: /s/ Raymond J. Palmer

Name: Raymond J. Palmer
Title: Vice President

BNP PARIBAS, as APA Purchaser

By: /s/ Gregg Bonardi

Name: Gregg Bonardi
Title: Director, Media & Telecom Finance

By: /s/ Ben Todres

Name: Ben Todres
Title: Director, Media & Telecom Finance

COMMERZBANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as APA
Purchaser

By: /s/ Brian J. Campbell

Name: Brian J. Campbell
Title: Senior Vice President

By: /s/ D. L. Ward, Jr.

Name: Assistant Vice President
Title: Assistant Vice President

CREDIT AGRICOLE INDOUSUEZ,
as APA Purchaser

By: /s/ Brian Knezeak

Name: Brian Knezeak
Title: First Vice President

By: /s/ Mark Lyoff

Name: Mark Lyoff
Title: Head of Energy Platform

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "Agreement"), dated as of September 13, 2001, is by and Williams Communications, LLC, a Delaware limited liability company ("Seller"), and Williams Aircraft, Inc., a Delaware corporation ("Buyer").

RECITALS

Seller is the owner of the entire membership interest of Williams Communications Aircraft, LLC, a Delaware Limited Liability Company (the "Company").

Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the entire membership interest in the Company upon the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the premises, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and in reliance upon the mutual representations and warranties contained herein, Seller and Buyer agree, upon the terms and subject to the conditions contained herein, as follows:

ARTICLE I

PURCHASE AND SALE

1.01 Transfer of Membership Interest. Upon the terms and subject to the conditions of this Agreement, at the Closing Date (as hereinafter defined), Seller agrees to sell, assign and deliver to Buyer the entire membership interest in the Company (the "Interest") together with all of the rights titles and interests of Seller in or relating in any way to the Company.

1.02 Purchase Price. The consideration (the "Purchase Price") for the Interest shall be the sum of Thirty-One Million U.S. Dollars (US$31,000,000.00) and the assumption by Buyer of all of the liabilities and obligations relating to the Interest. On the Closing Date, pursuant to the terms and conditions of this Agreement, Buyer agrees to wire transfer the Purchase Price to the Seller in accordance with Seller's instructions.

1.03 Effective Date. The effective date of the transaction contemplated by this Agreement shall be the Closing Date (as hereinafter defined).

ARTICLE II

CLOSING

2.01 Time and Place of Closing. The closing of the transactions contemplated hereby (the "Closing") shall be held at the offices of Buyer located One Williams Center, Tulsa, Oklahoma 74172 , at 1:00 p.m., local time, on the later to occur of the date which is the first business day following the day that the conditions specified in Article 5 below shall have been satisfied in all material respects (or waived by the party or parties entitled to the benefit thereof), unless another time, date and place is agreed to in writing by Buyer and Seller. The date upon which Closing occurs shall be referred to herein as the "Closing Date".

2.02 Deliveries by Seller. (a) Delivery of Documents. At Closing, Seller shall deliver to Buyer:

(i) One or more certificates evidencing that Buyer is the owner of the Interest, including without limitation an Assignment of Limited Liability Membership Interest substantially in the form attached hereto as Exhibit A; and

(ii) A legal opinion as to the title and lien status to the Aircraft;

(iii) All waivers, consents, permissions, or other documents that may be necessary for the transfer of the Interest to Buyer; and

(iv) The duly executed Aircraft Dry Leases for the Aircraft and Releases of all liens on the Aircraft.

2.03 Deliveries By Buyer. At Closing, Buyer shall deliver the consideration described in Article 1.02 to Seller together with evidence of Buyer's power and authority to purchase the Interest.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

3.01 Existence and Qualification. The Company is a limited liability company duly formed and validly existing under the laws of Delaware. The Company has all requisite corporate power and authority to own, operate and lease its properties and to carry on its business as presently conducted. All of the minute books, including all minutes, consents and other records of actions taken by the members and managers (including any committee thereof) of the Company are held by the Company.

3.02 Authority, Approval and Enforceability. Seller has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. This Agreement has been duly executed and delivered on behalf of Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms. At the Closing all documents required hereunder to be executed and delivered by Seller will have been duly authorized, executed and delivered by Seller and will constitute legal, valid and binding obligations of Seller, enforceable in accordance with their terms.

3.03 The Interest. The Interest is the sole membership interest in the Company and is owned beneficially and in the name of Seller, free and clear of all mortgages, pledges, security interests, liens or encumbrances of any kind and is not subject to any agreements or understandings among any persons with respect to the voting or transfer thereof. There are no outstanding subscriptions, options, convertible securities, warrants, calls or other securities granting rights to purchase or otherwise acquire interests in the Company or any commitments or agreements of any character obligating Seller regarding the foregoing.

3.04 Governmental Authorizations. The Seller has obtained and holds all governmental permits, licenses, orders and approvals necessary to own the Interest.

3.05 Assets. The only assets of the Company are the Aircraft as described in Article 5.01, and the Company has no liabilities, obligations, commitments or undertakings except as regards the ongoing ownership and operation of the Aircraft. All filings and certificates necessary for the Company to own and operate the Aircraft have been filed or obtained.

3.06 Airworthiness. At Closing the Aircraft shall be in an airworthy condition with all systems functioning within tolerances as stated in the manufacturer's maintenance criteria. The Aircraft are and shall be at Closing free and clear of all liens and encumbrances, and the Company will have good and marketable title thereto. Seller has previously delivered to the Company a Certificate of Airworthiness issued by the U.S. Federal Aviation Administration ("FAA") certifying that, at the date of issuance, the Aircraft has been inspected and found to conform in all respects to the applicable FAA Certificate of Airworthiness.

ARTICLE IV

CONDITIONS TO CLOSING

4.01 Conditions to Obligations of Buyer and Seller. The obligations of Buyer and Seller to proceed with the Closing are subject to the satisfaction at or prior to Closing of all of the following conditions.

(a) Compliance. Buyer and Seller shall have complied in all material respects with their respective covenants and agreements contained herein. The representations and warranties contained herein, or in any certificate or similar instrument required to be delivered by or on behalf of each of Seller or Buyer pursuant hereto shall be true and correct in all material respects on and as of the Closing Date, with the same effect as though made at such time;

(b) No Orders. No order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any governmental or regulatory instrumentality or authority, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby;

(c) No Suits. No suit or other proceeding shall be pending or threatened by any third party before any court or governmental agency seeking to restrain or prohibit or declare illegal, or seeking substantial damages in connection with, the transactions contemplated by this Agreement.

ARTICLE V

ASSETS

5.01 Asset. The only assets or property of any kind owned by the Company are the Aircraft identified on Exhibit "B". All of the above, together with the existing components, avionics, accessories, equipment attached or unattached, instrumentation and log books, including without limitation the specifications and features set forth in Exhibit B hereto, are collectively referred to herein as the "Aircraft".

ARTICLE VI

POST CLOSING INSPECTION

6.01 Inspection of the Aircraft. On a date that is mutually agreed between Buyer and Seller, but not later than October 31, 2001, Seller will present the Aircraft for inspection to Buyer, or Buyers designated representative. The location of such presentation for inspection shall be the Buyer's hangar located at Tulsa International Airport, Tulsa, Oklahoma, and the direct cost of presenting the Aircraft for inspection shall be borne by the Seller. The cost of the inspection shall be borne by Seller. Upon such presentation of the Aircraft for inspection by Seller, Buyer shall have the right for a period of up to seven (7) days to inspect the Aircraft, to conduct a test flight under the supervision and control of Seller, and to review all maintenance records, all flight and other records and to otherwise conduct such physical, technical, engineering and mechanical reviews and tests as would a normal prudent purchaser of similar aircraft. Within two (2) business days following the end of such seven (7) day period, Buyer or its representative shall deliver to Seller a detailed list of any defects (whether physical, mechanical or otherwise) that Buyer requires to be remedied as a condition of completing the purchase of the Interest. Seller shall have fifteen (15) days following

the receipt of such notice to either (i) remedy defects affecting airworthiness of the Aircraft to the reasonable satisfaction of Buyer, or (ii) agree to pay Buyer an amount that the parties agree is the projected cost of remedying such defects affecting the airworthiness of the Aircraft. In the event that Seller undertakes to remedy any defects notified by Buyer, Buyer shall have a reasonable period thereafter to conduct such further tests of the Aircraft to confirm the completion of any repairs made by Seller as provided above. Defects not affecting the airworthiness of the Aircraft shall be itemized and, subject to mutual agreement by the parties, the Seller shall pay Buyer the reasonable cost of such repairs. Notwithstanding the above, any Defects existing on or prior to February 26, 2001, shall not be subject to this Section. Buyer and Seller shall coordinate on any such preexisting defects.

6.02 All flight manuals, maintenance manuals, parts catalogs, wiring diagrams as well as all other records, paperwork, or minor equipment as is normally considered to be part of the Aircraft will be given to Buyer at closing or at a later time consented to in writing by the Buyer.

ARTICLE VI

MISCELLANEOUS

7.01 Notices. Any notice, request, instruction, correspondence or other communication to be given or made hereunder by either party to the other (herein collectively called "Notice") shall be in writing and (a) delivered by hand, (b) mailed by certified mail, postage prepaid and return receipt requested, (c) sent by telecopier, or (d) sent by Express Mail, Federal Express, or other express delivery service.

7.02 Governing Law. The provisions of this agreement, the schedules hereto, and the documents delivered pursuant hereto shall be governed by and construed in accordance with the laws of the State of Oklahoma (excluding any conflicts-of-law rule or principle that might refer such matters to the laws of another jurisdiction), except to the extent that such matters are mandatorily subject to the laws of another jurisdiction pursuant to the laws of such other jurisdiction.

7.03 Entire Agreement; Amendments and Waivers. This Agreement, together with all Schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties regarding the Interest or the Aircraft. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

7.04 Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns. Neither this

Agreement nor any of the rights, benefits or obligations hereunder shall be assigned, by operation of law or otherwise, by any party hereto prior to the Closing without the prior written consent of the other party. Except as expressly provided herein, nothing in this Agreement is intended to confer upon any Person other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

7.05 Severability. If any one or more of the provisions contained in this Agreement or in any other document delivered pursuant hereto shall, for any reason, be held to be invalid, illegal or unenforceable in any material respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such document.

7.06 No Implied Warranty on Aircraft. BUYER UNDERSTANDS THAT THE AIRCRAFT WAS ACQUIRED BY THE COMPANY FROM SELLER ON AN "AS IS" CONDITION. UNLESS OTHERWISE PROHIBITED BY LAW, BUYER AGREES THAT (i) SELLER MAKES NO WARRANTIES, EXPRESSED OR IMPLIED WITH RESPECT TO THE AIRCRAFT THAT CONTINUE BEYOND THE CLOSING, EXCEPT THAT SELLER WARRANTS THAT THE COMPANY HAS GOOD AND MARKETABLE TITLE TO THE AIRCRAFT AND THE AIRCRAFT WAS ACQUIRED BY THE COMPANY FROM SELLER WITH A FAA 8050-2 BILL OF SALE, FREE AND CLEAR OF ALL LIENS, (ii) BUYER WAIVES AS TO SELLER ALL OTHER WARRANTIES RELATING TO THE AIRCRAFT, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE, (iii) SELLER DISCLAIMS ALL LEGAL RESPONSIBILITY FOR PRODUCT DEFECTS RELATING TO THE AIRCRAFT THAT MIGHT CAUSE HARM, (iv) SELLER SHALL NOT BE LIABLE FOR ANY GENERAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY DAMAGES FOR LOSS OF USE, LOSS OF PROFITS OR DIMINUTION OF MARKET VALUE OF THE AIRCRAFT, AND SELLER SHALL NOT BE LIABLE FOR ANY DAMAGES CLAIMED BY BUYER OR ANY OTHER PERSON OR ENTITY UPON THE THEORIES OF NEGLIGENCE OR STRICT LIABILITY IN TORT, (v) IF THE AIRCRAFT SHOULD FOR ANY REASON PROVE TO BE DEFECTIVE, SELLER AND COMPANY BEAR NO OBLIGATION FOR SERVICING AND REPAIR OF SUCH DEFECT(S), AND (vi) ALL RISK AS TO THE QUALITY AND PERFORMANCE OF THE AIRCRAFT IS THAT OF THE COMPANY. Upon Delivery the Seller shall deliver to the Company an assignment of all manufacturer's warranties, if any, with respect to the Aircraft that are assignable (other than those warranties which by their terms are not assignable). Seller shall also, upon Buyer's request, reasonably execute, or cause to be executed such further documents as may be necessary to assist the Company to maintain continuity of the warranties and to assist the Company to process warranty claims directly with the manufacturers. All costs, if any, to transfer said manufacturer's warranties shall be at Buyer's expense.

7.07 Headings and Schedules. The headings of the several Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the

meaning or interpretation of this Agreement. The Schedules referred to herein are attached hereto and incorporated herein by this reference. Seller may revise or supplement the Schedules at any time prior to Closing.

7.08 Further Assurances. After the Closing, Seller and Buyer will take all appropriate action and execute any documents, instruments or conveyances of any kind that may be reasonably necessary to effectuate the intent of this Agreement.

7.09 Taxes. Seller hereby agrees to pay, and indemnify and hold harmless the Buyer from and against, any and all taxes (including interest and penalties), duties and fees assessed or levied by any federal, state or local taxing authority as a result of this Agreement or the sale, delivery, registration or ownership of the Aircraft by the Company. Seller shall not, however, be liable for any tax imposed with respect to, or measured by, the net income of the Buyer.

7.10 Confidentiality. The terms and conditions of this offer shall remain confidential. Seller and Buyer agree to not divulge any terms and/or conditions contained herein prior to, or subsequent to delivery, with the exception of filings with federal or state agencies.

7.12 Counterparts and Binding Effect. This Agreement may be executed in counterparts and each counterpart shall be an original, and all counterparts together shall be one and the same. This Agreement shall be binding and enforceable against, and run to the benefit of, the successors and assigns of the parties hereto.

[Signature page follows]

EXECUTED as of the date first set forth above.

SELLER:

WILLIAMS COMMUNICATIONS, LLC

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

BUYER:

WILLIAMS AIRCRAFT, INC.

By: /s/ Mark W. Husband

Name: Mark W. Husband

Title: Assistant Treasurer

Signature Page to that certain Membership Interest
Purchase Agreement between Williams Communications, LLC
and Williams Aircraft, Inc.

EXHIBIT A

ASSIGNMENT OF LIMITED LIABILITY COMPANY MEMBERSHIP INTEREST

THIS ASSIGNMENT OF LIMITED LIABILITY COMPANY MEMBERSHIP INTEREST (this "Assignment"), dated effective as of September 13, 2001, is WILLIAMS COMMUNICATIONS LLC, a Delaware limited liability company ("Assignor"), WILLIAMS AIRCRAFT, INC., a Delaware corporation ("Assignee").

Recitals

A. Assignor is the owner of the entire membership interest in Williams Communications Aircraft, LLC, a Delaware limited liability company (the "Company").

B. Assignor has agreed to assign to Assignee all of its interest in the Company and Assignee has agreed to accept such assignment.

Assignment and Assumption

For $10 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby transfers, grants, contributes, conveys and assigns to Assignee all of its ownership rights, titles and interests in and to the Company, including but not limited to all of Assignor's membership interest in the Company (collectively, the "Assigned Interests").

2. Assignee hereby assumes all liabilities and obligations accruing with respect to the Assigned Interests from and after September 13, 2001.

3. Assignor will, upon request from Assignee, execute and deliver any additional documents necessary to complete the sale, assignment and transfer of the Assigned Interests tendered hereby. Assignor authorizes the Company to transfer ownership of the Assigned Interests to Assignee on the books and records of the Company.

4. This Assignment shall be binding upon, and shall inure to the benefit of the parties hereto and their successors, heirs and assigns.

5. This Assignment shall be governed by the laws of the State of Oklahoma, without regard for its conflict of laws rules.

6. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

EXECUTED to be effective as of the date first set forth above.

ASSIGNOR:

WILLIAMS COMMUNICATIONS, LLC

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

ASSIGNEE:

WILLIAMS AIRCRAFT, INC.

By: /s/ Mark W. Husband

Name: Mark W. Husband

Title: Assistant Treasurer

EXHIBIT B

DESCRIPTION OF AIRCRAFT SPECIFICATIONS

1. CESSNA MODEL 560 CITATION V AIRCRAFT WITH MANUFACTURER'S SERIAL NUMBER 560-0194 AND UNITED STATES NATIONALITY AND REGISTRATION MARKS N352WC.

   PRATT & WHITNEY MODEL JT15D-5D AIRCRAFT ENGINES WITH MANUFACTURER'S SERIAL NUMBERS PCE-108400 AND PCE-108397.

   SUCH AIRCRAFT TO BE BASED AT TULSA INTERNATIONAL AIRPORT, CITY OF TULSA, OKLAHOMA, COUNTRY OF U.S.A.

2. CESSNA MODEL 750 CITATION X AIRCRAFT WITH MANUFACTURER'S SERIAL NUMBER 750-0121 AND UNITED STATES NATIONALITY AND REGISTRATION MARKS N358WC.

   ALLISON MODEL AE3007C AIRCRAFT ENGINES WITH MANUFACTURER'S SERIAL NUMBERS CAE330260 AND CAE330261.

   SUCH AIRCRAFT TO BE BASED AT TULSA INTERNATIONAL AIRPORT, CITY OF TULSA, OKLAHOMA, COUNTRY OF U.S.A.

3. CESSNA MODEL 560XL CITATION EXCEL AIRCRAFT WITH MANUFACTURER'S SERIAL NUMBER 560-5129 AND UNITED STATES NATIONALITY AND REGISTRATION MARKS N359WC.

   PRATT & WHITNEY MODEL PW545A AIRCRAFT ENGINES WITH MANUFACTURER'S SERIAL NUMBERS PCEDB0271 AND PCEDB0265.

   SUCH AIRCRAFT TO BE BASED AT SPIRIT OF SAINT LOUIS AIRPORT, CITY OF CHESTERFIELD, MISSOURI, COUNTRY OF U.S.A.

EXHIBIT 10(u)

AIRCRAFT DRY LEASE
N352WC

This Aircraft Dry Lease ("Lease") dated as of September 13, 2001 ("Effective Date"), is by and between Williams Communications Aircraft, LLC, a Delaware limited liability company and a wholly owned subsidiary of Williams Aircraft, Inc. ("Lessor") and Williams Communications, LLC, a Delaware limited liability company (the "Lessee").

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor the aircraft described on Schedule "B" attached hereto, together with all engines, equipment, attachments, substitutions, replacements and additions (collectively, the "Aircraft").

1. Certain Definitions: For purposes of this Lease the terms "Additional Charge", "Affiliate", "Change in Control", "Debt", "Encumbrance", "Environmental Laws", "ERISA", "ERISA Event", "GAAP:", "Governmental Authority", "Hazardous Materials", "Material Adverse Affect", "Material Debt", "Notice", "Officer's Certificate", "Overdue Rate", "Permitted Encumbrances", "Person", "Plan", "Prime Rate", "Proceeding", "Transfer", and "WCG" shall have the meanings described for such capitalized terms as contained in the Master Lease dated September 13, 2001, among Williams Headquarters Building Company, Williams Technology Center, LLC, and Williams Communications, LLC. Capitalized terms not otherwise specifically defined in this Lease shall have the meanings described for such capitalized terms as contained in the Credit Agreement dated as of September 8, 1999 (the "Credit Agreement") among Lessee, Bank of America, N.A., The Chase Manhattan Bank and other parties (and capitalized terms contained within such definitions as set forth in the Credit Agreement shall similarly have the meanings described for such capitalized terms therein) with respect to the financial covenants therein. A copy of the Credit Agreement is attached hereto as Exhibit I. Lessee shall provide copies of any amendments or restatements or waivers to the Credit Agreement to Lessor within five (5) days of execution thereof. Such amendments or restatements or waivers shall automatically become a part hereof with respect to the financial covenants.

2. Term and Rent: This Lease is for a term of ten (10) years, beginning September 13, 2001, and ending September 1, 2011. For said term or any portion thereof, Lessee shall pay to Lessor rentals ("Rent") payable in accordance with Schedule "A", of which the first is due October 1, 2001, and the others on a like date of each month thereafter. All Rent shall be paid at Lessor's place of business shown below, or such other place as the Lessor may designate by written notice to the Lessee. All Rent shall be paid without notice or demand and without abatement, deduction or set-off of any amount whatsoever. The operation and use of the Aircraft shall be at the risk of Lessee, and not of Lessor and the obligation of Lessee to pay Rent hereunder shall be unconditional.

2.1 Late Charge; Interest: If any Rent payable to Lessor is not paid when due, Lessee shall pay Lessor on demand, as an Additional Charge, (a) a late charge equal to (i) two percent (2%) of the amount not paid within five (5) days of the date when due plus (b) if such Rent (including the late charge) is not paid within ten (10) days of the date due,

interest thereon at the Overdue Rate from such tenth (10th) day until such Rent (including the late charge and interest) is paid in full.

3. Destruction of Aircraft: If the Aircraft is lost, stolen, totally destroyed, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, the liability of the Lessee to pay Rent therefor may be discharged by paying to Lessor all the Rent due thereon, plus all the Rent to become due thereon less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Lessor shall not be obligated to undertake, by litigation or otherwise, the collection of any claim against any person for loss or damage of the Aircraft. Except as expressly provided in this paragraph, the total or partial destruction of the Aircraft, or total or partial loss of use or possession thereof to Lessee, shall not release or relieve Lessee from the duty to pay the Rent herein provided.

4. No Warranties by Lessor; Compliance with Laws and Insurance: Lessor, not being the manufacturer of the Aircraft, nor manufacturer's agent, makes no warranty or representation, either express or implied, as to the fitness, quality, design, condition, capacity, suitability, merchantability or performance of the Aircraft or of the material or workmanship thereof, or that the Aircraft will satisfy the requirements of any law, rule, specification or contract, it being agreed that the Aircraft is leased "as is" and that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee at its sole risk and expense, Lessee accordingly agrees not to assert any claim whatsoever against the Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against the Lessor for loss of anticipatory profits or consequential, indirect, special or punitive damages. Lessor shall have no obligation to test or service the Aircraft. Lessee agrees, at its own cost and expense, (a) to pay all charges and expenses in connection with the operation of the Aircraft; (b) to comply with all governmental laws, ordinances, regulations, requirements and rules with respect to the use and operation of the Aircraft; and (c) to maintain at all times (i) Aircraft hull insurance, including all-risk ground and flight insurance on the Aircraft for the stated value thereof (not to be less than the full current market value as determined annually by the parties) for the term of this Lease, plus other insurance thereon in amounts and against such risks as Lessor may specify, and deliver each policy to Lessor with a standard long form endorsement attached thereto showing loss payable to Lessor as its interest may appear, and (ii) combined single limit liability insurance covering bodily injury liability, property damage liability and passenger liability for the term of this Lease naming Lessor its parent and affiliates as additional insureds to the full extent of the policies carried, but in no event less than $200,000,000.00 per occurrence. Lessee shall deliver to Lessor evidence of such insurance coverage. All insurance policies must provide that no cancellation or non-renewal thereof shall be effective without 30 days prior written notice to Lessor and all insurance policies shall be in form, terms and amounts and with insurance carriers satisfactory to Lessor.

5. Maintenance. Lessee, at its cost and expense, shall:

5.1 perform or cause to be performed all airworthiness directives, mandatory manufacturer's service bulletins, and all other mandatory service, inspections, repair, maintenance, overhaul and testing: (a) as may be required under applicable Federal Aviation Administration (the "FAA") rules and regulations, (b) in the same manner and with the same care as shall be the case with similar aircraft and engines owned by or operated on behalf of Lessee without discrimination, and (c) so as to keep the Aircraft in as good operating condition as when delivered to the Lessee, ordinary wear and tear excepted, with all systems in good operating condition;

5.2 keep the Aircraft in such condition as is necessary to enable the airworthiness certification of the Aircraft to be maintained at all times under applicable FAA regulations and any other applicable law, including, but not limited to any equipment modifications or installations required by the FAA;

5.3 maintain, in the English language, all records and other materials required by and in a manner acceptable to the FAA and any other governmental entity having jurisdiction over the Aircraft and its operation;

5.4 Lessee shall furnish Lessor reports on an annual basis a list of those service bulletins, airworthiness directives and engineering modifications incorporated on the Aircraft during the preceding calendar year.

6. Taxes: Lessee agrees that, during the term of this Lease, in addition to the Rent and all other amounts provided herein to be paid, it will promptly pay all taxes, assessments and other governmental charges (including penalties and interest, if any, and fees for titling or registration, if required) levied or assessed: (a) upon the interest of the Lessee in the Aircraft or upon the use or operation thereof or on the earnings arising therefrom; and (b) against Lessor on account of its acquisition or ownership of the Aircraft, or the use or operation thereof or the leasing thereof to the Lessee, or the Rent herein provided for, or the earnings arising therefrom, exclusive, however, of any taxes based on net income of Lessor ("Taxes"). Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning the Aircraft with all appropriate governmental agencies, and within not more than 45 days after the due date of such filing to send Lessor confirmation, in form satisfactory to Lessor, of such filing.

6.1 Lease Characterization: Lessor and Lessee agree that the terms of this Lease create an operating lease for federal and state income tax purposes. Consistent with the foregoing, Lessor intends to retain all tax benefits associated with this Lease and Lessee agrees not to take an inconsistent position on its federal or state income tax filings. If any action taken by one party under this Lease causes this Lease to be ultimately determined by any taxing authority not to be an operating lease, that party shall indemnify the other party for any resulting increase in the other party's federal or state income tax liability for any period.

6.2 Permitted Contests: Lessee, on its own or on Lessor's behalf or in Lessor's name, but at Lessee's sole cost and expense, shall have the right to contest, by an appropriate legal proceeding conducted in good faith and with due diligence, the amount or validity of any levy or assessment of Taxes provided (a) prior notice of such contest is given to Lessor, (b) the Aircraft would not be in any danger of being sold, forfeited or attached as a result of such contest, and there is no risk to Lessor of a loss of or interruption in the payment of Rent, (c) in the case of unpaid Taxes, collection thereof is suspended during the pendency of such contest, and (d) compliance may legally be delayed pending such contest. Upon request of Lessor, Lessee shall deposit funds or assure Lessor in some other manner reasonably satisfactory to Lessor that the Taxes, together with interest and penalties, if any, thereon, and any and all costs for which Lessee is responsible will be paid if and when required upon the conclusion of such contest. Lessee shall defend, indemnify and save harmless Lessor from all costs or expenses arising out of or in connection with any such contest, including but not limited to payment of Taxes and attorneys' fees. If at any time Lessor reasonably determines that payment of the Taxes contested by Lessee is necessary in order to prevent loss of the Aircraft or Rent or civil or criminal penalties or other damage, upon such prior notice to Lessee as is reasonable in the circumstances Lessor may pay such amount or take such other action as it may deem necessary to prevent such loss or damage. If reasonably necessary, upon Lessee's written request Lessor, at Lessee's expense, shall cooperate with Lessee in a permitted contest, provided Lessee upon demand reimburses Lessor for Lessor's costs incurred in cooperating with Lessee in such contest.

7. Lessor's Right of Inspection and Identification of Aircraft: All equipment, engines, radios, accessories, instruments and parts now or hereafter used in connection with the Aircraft shall become part of the Aircraft by accession. Lessor warrants that the Aircraft is not registered under the laws of any foreign country. Lessee shall permit Lessor or its designee, on 5 days prior written notice to visit and inspect the Aircraft, its condition, use and operation, and the records maintained in connection therewith, at any reasonable time without interfering with the normal operation of the Aircraft, at Lessor's cost and expense, provided that no Default or Event of Default has occurred and is continuing. Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. Lessor's failure to object to any condition or procedure observed or observed in the course of an inspection hereunder shall not be deemed to waive or modify any of the terms of this Lease with respect to such condition or procedure.

8. Possession and Place of Use: The Aircraft shall be based at the location specified in Schedule "B", and shall not be permanently removed therefrom without Lessor's prior written consent. Lessee shall not, without Lessor's prior written consent, (a) part with possession or control of the Aircraft, (b) attempt or purport to sell, pledge, mortgage or otherwise encumber the Aircraft

or otherwise dispose of or encumber any interest under this Lease, or (c) fly or permit the Aircraft to be flown or located outside the area covered by insurance required by paragraph 3 of this Lease.

9. Lessee's Warranties: Lessee warrants that the Aircraft will be registered under the laws of the United States and will not be registered under the laws of any foreign country; that the Aircraft and/or equipment will not be held, maintained or used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of Aircraft. These warranties are conditions of Lessee's right of possession and use, and delivery is made in reliance thereon.

10. Performance of Obligations of Lessee by Lessor: In the event that Lessee shall fail duly and promptly to perform any of its obligations under the provisions of this Lease, Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Lessor in such performance, together with interest at the Overdue Rate until paid by Lessee to Lessor, shall be payable by Lessee upon demand as additional rent for the Aircraft.

11. Purchase Option: At any time during the term of this Lease, if Lessee has paid in full all rentals owing hereunder and is not in default hereunder, Lessee shall have the option to purchase the Aircraft for an amount equal to the greater of (1) fair market value of the Aircraft or (2) the Termination Value in accordance with Schedule "C" plus accrued interest. Lessee shall give Lessor written notice of its intent to exercise such option not less than 30 days prior to the transfer of the Aircraft to Lessee. Fair market value shall be determined by a mutually agreed upon independent aircraft broker. If the parties cannot agree on the selection of a broker, each party shall designate a broker. Such selected brokers will then select a third broker to appraise the Aircraft. Such third party broker appraisal shall be binding upon the parties.

Lessee shall also have the right to purchase the Aircraft as of October 1, 2006 ("Early Buy-Out Option") for the Termination Value for such date in accordance with Schedule "C" plus accrued interest.

Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 11.

12. Put Option: Upon the expiration of the original term of this Lease, Lessor shall have the option to require the Lessee to purchase the Aircraft for an amount equal to the agreed fair market value of the Aircraft as defined in Section 11 hereof. Lessor shall provide Lessee written notice of its intent to exercise such option not less than 30 days prior to the expiration of the original term of this Lease.

Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 12.

13. Default: An event of default ("Event of Default") shall occur if:

(a) Lessee fails to pay or cause to be paid the Rent when due and payable;

(b) Either Lessee or WCG, has a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it, or a court of competent jurisdiction enters an order or decree appointing a receiver of Lessee or WCG or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, any such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C Section 101, et seq);

(c) Lessee or WCG: (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.A. Section 101, et seq);

(d) Lessee or WCG, is liquidated or dissolved, or begins a Proceeding toward liquidation or dissolution, or has filed against it a petition or other Proceeding to cause it to be liquidated or dissolved and the Proceeding is not dismissed within thirty (30) days thereafter, or Lessee in any manner permits the sale or divestiture of substantially all of its assets;

(e) The estate or interest of Lessee in the Aircraft or any part thereof is levied upon or attached in any Proceeding and the same is not vacated or discharged within thirty (30) days thereafter (unless Lessee is in the process of consenting such lien or attachment in good faith);

(f) Any representation or warranty made by Lessee in the Membership Interest Purchase Agreement or in the certificate delivered in connection therewith shall prove to be incorrect in any material respect when made or deemed made, Lessor is materially and adversely affected thereby and Lessee fails within twenty (20) days after Notice from Lessor thereof to cure such condition by terminating such adverse effect and making Lessor whole for any damage suffered therefrom, or, if with due diligence such cure cannot be effected within twenty (20) days, if Lessee has failed to commence to cure the same within the twenty (20) days or failed thereafter to proceed promptly and with due diligence to cure such condition and complete such cure prior to the time that such condition causes a default in any other lease to which Lessee is subject and prior to the time that the same results in civil or criminal penalties to Lessor, Lessee, or any Affiliates of any of such parties or the Aircraft;

(g) A Transfer occurs without the prior written consent of Lessor;

(h) Except as otherwise provided in subsection (m) below, a default occurs under any Material Debt when and as the same become due and payable (subject to any applicable grace period);

(i) Lessee fails to purchase the Aircraft if and as required under this Lease;

(j) Lessee or WCG breaches any of the financial covenants set forth in Section 14 hereof and the breach is not cured within a period of thirty (30) days after the earlier to occur of (i) the Notice thereof from Lessor, or (ii) knowledge thereof by Lessee or WCG;

(k) Lessee fails to observe or perform any other term, covenant or condition of this Lease and the failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor:

(l) Lessee breaches any representation or warranty made by it in this Lease;

(m) An Event of Default as defined in the Credit Agreement, occurs and an acceleration of any of the Loans as defined in the Credit Agreement results;

(n) One or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Lessee or WCG, or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Lessee or WCG to enforce any such judgment;

(o) An ERISA Event shall have occurred that, in the opinion of the Lessor, when taken together with all other ERISA Events that have occurred, could reasonable be expected to result in liability of Lessee or WCG in an aggregate amount exceeding $25,000,000 for all periods;

(p) Lessee fails to maintain the Aircraft in accordance with the terms of this Lease;

(q) A Change in Control shall occur;

(r) Lessee fails to observe or perform any provisions of Section 4 and Section 14.4 regarding insurance; or

(s) Lessee defaults on any other Aircraft Dry Lease dated concurrently herewith.

Upon the occurrence of an Event of Default, Lessor, at Lessor's option, may: (a) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (b) demand that Lessee deliver the Aircraft forthwith to Lessor at Lessee's expense at such place as Lessor may designate; (c) Lessor and/or Lessor's agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Aircraft may be or by Lessor is believed to be, and repossess the Aircraft, using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Aircraft and all claims for injuries suffered through or loss caused by such repossession; (d) terminate this Lease, whereupon Lessee shall, without further demand, as liquidated damages for loss of the bargain and not as a penalty forthwith pay to Lessor any unpaid Rent that accrued on or before the occurrence of the event of default plus an amount equal to the difference between the value, as of the date of the occurrence of such event of default, of the aggregate Rent reserved hereunder for the unexpired term of this Lease and the then value of the aggregate rental value of the Aircraft for such unexpired term which the Lessor reasonably estimates to be obtainable for the use of the Aircraft during such unexpired terms. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of the Aircraft or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees. If any statute governing the proceeding in which damages are to be proved specifies the amount of such claim, Lessor shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The remedies of this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity, and the exercise, or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such remedies. No express or implied waiver by Lessor of any event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent events of default.

14. Covenants: Lessee represents, warrants and covenants that:

14.1 Existence; Conduct of Business. Lessee and WCG each will (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

14.2 Payment of Obligations. Lessee and WCG each (i) will pay its Debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate legal process, (b) has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Encumbrance securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to

result in a Material Adverse Effect and (ii) shall not breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

14.3 Maintenance of Properties. Lessee and WCG each will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

14.4 Insurance. In addition to the insurance required in Section 4, Lessee and WCG each will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. As of the Effective Date, all premiums in respect of all insurance described in the Lease have been paid. Lessee shall deliver an insurance certificate to Lessor as of the Effective Date evidencing all such insurance coverages.

14.5 Casualty and Condemnation. The Lessee will furnish to Lessor prompt written notice of any casualty or other insured damage to any portion of any of Lessor's property or assets or the commencement of any action or Proceeding for the taking of any of Lessor's property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar Proceeding (in each case with a value in excess of $10,000,000).

14.6 Books and Records; Inspection and Audit Rights. Lessee and WCG each will keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Lessee and WCG each will permit any representatives designated by the Lessor at the expense of Lessor, or, if an Event of Default shall have occurred and be continuing, at the expense of the Lessee, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

14.7 Compliance with Laws. Lessee and WCG each will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.8 Further Assurances. At any time and from time to time, Lessee will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Lessor may reasonably request, to effectuate the transactions contemplated by this Lease or to grant, preserve, protect or perfect the Encumbrances created or intended to be created in connection with this Lease or any of the other documents contemplated herein, required to be in effect or the validity or priority of any such Encumbrance, all at the expense of Lessee and Lessor. Lessee and Lessor also agree to provide to Lessor, from time to time upon request, evidence reasonably satisfactory to Lessor as to the perfection and priority of the Encumbrance created or intended to be created in connection with this Lease or any of the other documents contemplated herein.

14.9 Pledge or Encumber Assets. Lessee shall not pledge or otherwise encumber any of its assets, other than leased equipment used in the operation of the Aircraft.

14.10 Encumbrances. Lessee will not create, incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except for any Permitted Encumbrances or Encumbrances created in connection with or specifically contemplated by this Lease or permitted by the Credit Agreement.

14.11 Fundamental Changes. Lessee and WCG each will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing (i) any Person may merge into the Lessee in a transaction in which the Lessee is the surviving entity, provided that any such merger involving a Person that is not a wholly owned by Lessor immediately prior to such merger shall not be permitted, and (ii) any person may merge into the Lessee in a transaction in which the Lessee is the surviving corporation.

14.12 Other Material Agreements. Lessee shall not (i) enter into any other material agreement relating to any portion of the Aircraft, or (ii) if entered into with Lessor's consent, thereafter, amend, modify, renew, replace or otherwise change the terms of any such material agreement without the prior written consent of Lessor.

14.13 Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

14.14 Minimum EBITDA. The amount equal to (i) EBITDA for the period of four (4) fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity

Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1,2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 20, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

14.15 Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2001-December 30, 2001	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

14.16 Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

14.17 Interest Coverage Ratio. The Interest Coverage Ratio for any period of four (4) consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

14.18 Organization; Powers. Lessee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

14.19 Authorization; Enforceability. The execution of and performance under this Lease is within Lessee's' entity powers and has been duly authorized by all necessary member, corporate and, if required, stockholder action as the case may be. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a Proceeding in equity or at law.

14.20 Governmental Approvals; No Conflicts. The Lease or any of the other documents contemplated herein, (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Lessor's rights under this Lease, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Lessee or Lessor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Lessee or Lessor or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Lessee or Lessor, and (d) will not result in the creation or imposition of any Encumbrance on any asset of Lessee or Lessor, except any Encumbrance created by or in accordance with the Lease.

14.21 Material Adverse Change. Since December 31, 2000, there has been no Material Adverse Change.

14.22 Properties. Lessee has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Lessee or Lessor is subject to any Encumbrance other than Permitted Encumbrances, and Encumbrances created by or in connection with this Lease.

14.23 Intellectual Property. Lessee owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Lessee does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.24 Litigation and Environmental Matters. There is no action, suit or Proceeding by or before any arbitrator or Governmental Authority pending against or, to the knowledge

of Lessee or Lessor, threatened against or affecting Lessee or WCG (i) as to which there is a reasonable possibility-bility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Lease or any of the other documents contemplated herein.

14.24.1 Environmental Compliance. Except with respect to other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, Lessee (i) has not failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has not become subject to any liability with respect to any Environmental Law, (iii) has not received written notice of any claim with respect to any Environmental Law or (iv) does not know of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any liability under any Environmental Law.

14.25 Compliance with Laws and Agreements. Lessee is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Event of Default has occurred and is continuing.

14.26 Investment and Holding Company Status. Lessee is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

14.27 Taxes. Lessee or WCG has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by or with respect to it, except (a) taxes that are being contested in good faith by an appropriate Proceeding and for which Lessee or Lessor, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

14.28 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

14.29 Disclosure. Lessee has disclosed all agreements, instruments and corporate or other restrictions to which Lessee is subject, and all other matters known to Lessee, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of Lessee in connection with the negotiation of this Lease or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Lessee represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

14.30 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Lessee pending or, to the knowledge of Lessee, threatened. The hours worked by and payments made to employees of Lessee have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Lessee, or for which any claim may be made against Lessee, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Lessee. The execution of this Lease has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Lessee is bound.

14.31 No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Lessee is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

14.32 Representations True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Lessee thereto contained in this Lease or any other documents executed in connection herewith, is true and correct.

15. OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS. Lessee shall furnish or cause to be furnished to one another:

15.1 Fiscal Year Information. (i) within 90 days after the end of each fiscal year of WCG, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of WCG's business segments consistent), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, and (ii) within 90 days after the end of each fiscal year of WCG, supplemental unaudited balance sheets and related unaudited statements of operations,

stockholders' or members' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for WCG and the consolidating adjustments with respect thereto.

15.2 Quarterly Information. (i) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' or members' equity and cash flow of WCG as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year), all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited balance sheets and related statements of operations, stockholders' or members' equity and cash flow of Lessor as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) all certified by a Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

15.3 Officers Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, an Officer's Certificate of the Lessee (i) certifying as to whether an Event of Default has occurred and, if an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Sections 14.13 through 14.17, and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date referred to in paragraph 14.24 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Officer's Certificate.

15.4 Accounting Firm Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines).

15.5 Budget. As soon as practicable after approval by the Board of Directors of WCG, and in any event not later than 120 days after the commencement of each fiscal year of Lessor, a consolidated and consolidating budget of WCG for such fiscal year and a consolidated budget of WCG for such fiscal year and, promptly when available, any significant revisions of any such budget.

15.6 SEC Filings. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by WCG or any of its Affiliates with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by WCG to its members generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website.

15.7 Other Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Lessee, or compliance with the terms of this Lease or any of the documents contemplated herein.

15.8 Credit Agreement Information. To the extent not previously covered by the provisions of this paragraph, copies of all information provided by Lessee or any Affiliates pursuant to the Credit Agreement, contemporaneously with its delivery pursuant thereto.

16. NOTICES OF MATERIAL EVENTS. Upon knowledge thereof, Lessee will furnish prompt written notice of the following. Each notice delivered under this paragraph shall be accompanied by a statement of an Officer's Certificate, duly executed, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

16.1 Event of Default. The occurrence of any Event of Default.

16.2 Action, Suit or Proceeding. The filing or commencement of any action, suit or Proceeding by or before any arbitrator or Governmental Authority against or affecting Lessee, WCG or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect.

16.3 ERISA Event. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

16.4 Credit Agreement. Any change or modification to the Credit Agreement.

16.5 Other Matters. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

17. Indemnity: Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify and save Lessor, its parent and affiliated companies harmless from and against any and all liability, loss, damage, expense, causes of action, suits, claims or judgments arising from or caused directly or indirectly by (a) Lessee's failure to promptly perform any of its obligations under the provisions of this Lease, (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation of the Aircraft or its location or condition, or (c) inadequacy of the Aircraft for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of

business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that Lessor shall give Lessee written notice of any such claim or demand.

18. Assignments and Notices: Neither this Lease nor Lessee's rights hereunder shall be assignable except with Lessor's written consent; the conditions hereof shall bind any permitted successors and assigns of Lessee. Lessor may assign this Lease without consent of Lessee. Lessee, after receiving notice of any assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignor's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. All notices relating hereto shall be delivered in person to an officer of Lessor or Lessee or shall be mailed to Lessor or Lessee at its respective address herein shown or at any later address last known to the sender.

19. Further Assurances: Lessee shall execute and deliver to Lessor, upon Lessor's request, such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder, including the filing or recording of this Lease at Lessor's option.

20. Counterparts: This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

21. Entire Agreement: There are no oral or written agreements or representations between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee.

22. Governing Law: This Lease is executed and delivered in the State of Oklahoma, and except insofar as the law of another state or jurisdiction may be mandatorily applicable, shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of said State.

23. Truth-in-Leasing Clause: THE AIRCRAFT HAS BEEN MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR THE 12 MONTHS PRECEDING THE DATE OF THIS LEASE. THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. THE LESSEE CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS. AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL AND THE PERTINENT FEDERAL AVIATION

REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

LESSOR:	LESSEE:
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC	WILLIAMS COMMUNICATIONS, LLC
By: /s/ Mark W. Husband	By: /s/ Howard S. Kalika
Name: Mark W. Husband	Name: Howard S. Kalika
Title: Assistant Treasurer	Title: Treasurer and Vice President

Signature page to Aircraft Dry Lease (N352WC) by and between Williams Communications Aircraft, LLC and Williams Communications, LLC dated September 13, 2001

SCHEDULE "A"

RENT -N352WC

Rent shall be payable in one hundred and twenty (120) equal successive monthly rental payments in an amount as would be necessary to amortize $4,000,000 on a straight-line basis over a period of one hundred and twenty (120) months plus interest calculated at the Interest Rate as set forth below:

The following definitions shall apply to this SCHEDULE "A":

"ABR", when used herein, refers to interest at a rate determined by reference to the Alternate Base Rate.

"Applicable Margin" means, for any day, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Lessee's Bank Facility Rating set by S&P and Moody's, respectively, applicable on such date plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Lessor in respect of the most recently ended fiscal quarter of WCG, is less than 6:00 to 1:00.

"Eurodollar", when used herein, refers to interest at a rate determined by reference to the Adjusted LIBO Rate.

"LIBO Rate" means, with respect to any Eurodollar Rate, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lessor from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month, as the rate for dollar deposits with a maturity of thirty (30) days. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity of thirty (30) days are offered by the principal London office of the CitiBank, N.A., in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month. IN EITHER CASE, THE APPLICABLE LIBO RATE SHALL BE EFFECTIVE FOR THE CALENDAR MONTH NEXT SUCCEEDING THE CALENDAR MONTH COMMENCING IMMEDIATELY AFTER SUCH DETERMINATION.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"WCG" means Williams Communications Group, Inc., a Delaware corporation, and the parent company of Williams Communications, LLC.

Interest Rate Calculation

At Lessee's option, ABR plus Applicable Margin or LIBO Rate plus Applicable Margin (the "Rate") as determined from time to time by S&P or by Moody's based on Lessee's Facilities Rating in accordance with the grid below:

	Facilities Rating of Lessee	ABR Spread	Eurodollar Spread	Leverage Premium
Level I	BBB- and Baa3 or higher	0.50%	1.50%	.25%
Level II	BB+ and Ba1	0.875%	1.875%	.25%
Level III	BB and Ba2	1.25%	2.25%	.25%
Level IV	BB- and Ba3	1.50%	2.50%	.25%
Level V	Lower than BB- or lower than Ba3	1.75%	2.75%	.25%

For purposes of the foregoing (i) if neither S&P nor Moody's or any replacement or successor facility of similar size shall have in effect a rating for the Facilities, then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not bot S&P or Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P or Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P or Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P or Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P of Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and engine on the date immediately preceding the effective date of the next such change.

SCHEDULE "B"

Cessna model 560 Citation V aircraft with manufacturer's serial number 560-0194 and United States nationality and registration marks N352WC.

Pratt & Whitney model JT15D-5D aircraft engines with manufacturer's serial numbers PCE-108400 and PCE-108397, each of which is capable of producing 750 or more rated takeoff horsepower.

Such aircraft shall be based at Tulsa International Airport, City of Tulsa, State of Oklahoma, Country of U.S.A.

SCHEDULE "C"

Termination Value

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $4,000,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value of Depreciation Benefits	(2) + (4) Termination Value
1	10/1/01	133.83%	$33,333.33	$4,000,000.00	$66,666.67	$1,353,143.02	$5,353,143.02
2	11/1/01	131.55%	$33,333.33	$3,966,666.67	$66,666.67	$1,295,497.31	$5,262,163.97
3	12/1/01	129.27%	$33,333.33	$3,933,333.33	$66,666.67	$1,237,467.29	$5,170,800.62
4	1/1/02	126.98%	$33,333.33	$3,900,000.00	$26,666.67	$1,179,050.40	$5,079,050.40
5	2/1/02	125.67%	$33,333.33	$3,866,666.67	$26,666.67	$1,160,244.07	$5,026,910.74
6	3/1/02	124.37%	$33,333.33	$3,833,333.33	$26,666.67	$1,141,312.37	$4,974,645.70
7	4/1/02	123.06%	$33,333.33	$3,800,000.00	$26,666.67	$1,122,254.45	$4,922,254.45
8	5/1/02	121.74%	$33,333.33	$3,766,666.67	$26,666.67	$1,103,069.48	$4,869,736.15
9	6/1/02	120.43%	$33,333.33	$3,733,333.33	$26,666.67	$1,083,756.61	$4,817,089.94
10	7/1/02	119.11%	$33,333.33	$3,700,000.00	$26,666.67	$1,064,314.99	$4,764,314.99
11	8/1/02	117.79%	$33,333.33	$3,666,666.67	$26,666.67	$1,044,743.75	$4,711,410.42
12	9/1/02	116.46%	$33,333.33	$3,633,333.33	$26,666.67	$1,025,042.04	$4,658,375.38
13	10/1/02	115.13%	$33,333.33	$3,600,000.00	$26,666.67	$1,005,208.99	$4,605,208.99
14	11/1/02	113.80%	$33,333.33	$3,566,666.67	$26,666.67	$985,243.72	$4,551,910.38
15	12/1/02	112.46%	$33,333.33	$3,533,333.33	$26,666.67	$965,145.34	$4,498,478.68
16	1/1/03	111.12%	$33,333.33	$3,500,000.00	$16,000.00	$944,912.98	$4,444,912.98
17	2/1/03	110.05%	$33,333.33	$3,466,666.67	$16,000.00	$935,212.40	$4,401,879.07
18	3/1/03	108.97%	$33,333.33	$3,433,333.33	$16,000.00	$925,447.15	$4,358,780.48
19	4/1/03	107.89%	$33,333.33	$3,400,000.00	$16,000.00	$915,616.80	$4,315,616.80
20	5/1/03	106.81%	$33,333.33	$3,366,666.67	$16,000.00	$905,720.91	$4,272,387.57
21	6/1/03	105.73%	$33,333.33	$3,333,333.33	$16,000.00	$895,759.05	$4,229,092.38
22	7/1/03	104.64%	$33,333.33	$3,300,000.00	$16,000.00	$885,730.77	$4,185,730.77
23	8/1/03	103.56%	$33,333.33	$3,266,666.67	$16,000.00	$875,635.65	$4,142,302.31
24	9/1/03	102.47%	$33,333.33	$3,233,333.33	$16,000.00	$865,473.22	$4,098,806.55
25	10/1/03	101.38%	$33,333.33	$3,200,000.00	$16,000.00	$855,243.04	$4,055,243.04
26	11/1/03	100.29%	$33,333.33	$3,166,666.67	$16,000.00	$844,944.66	$4,011,611.32
27	12/1/03	99.20%	$33,333.33	$3,133,333.33	$16,000.00	$834,577.62	$3,967,910.96
28	1/1/04	98.10%	$33,333.33	$3,100,000.00	$50,960.00	$824,141.47	$3,924,141.47
29	2/1/04	96.13%	$33,333.33	$3,066,666.67	$50,960.00	$778,675.75	$3,845,342.42
30	3/1/04	94.16%	$33,333.33	$3,033,333.33	$50,960.00	$732,906.92	$3,766,240.25
31	4/1/04	92.17%	$33,333.33	$3,000,000.00	$50,960.00	$686,832.97	$3,686,832.97
32	5/1/04	90.18%	$33,333.33	$2,966,666.67	$50,960.00	$640,451.85	$3,607,118.52
33	6/1/04	88.18%	$33,333.33	$2,933,333.33	$50,960.00	$593,761.53	$3,527,094.87
34	7/1/04	86.17%	$33,333.33	$2,900,000.00	$50,960.00	$546,759.94	$3,446,759.94
35	8/1/04	84.15%	$33,333.33	$2,866,666.67	$50,960.00	$499,445.01	$3,366,111.68
36	9/1/04	82.13%	$33,333.33	$2,833,333.33	$50,960.00	$451,814.64	$3,285,147.98
37	10/1/04	80.10%	$33,333.33	$2,800,000.00	$50,960.00	$403,866.74	$3,203,866.74

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $4,000,000.00

			(1)	(2)	(3)	(4)	(2) + (4)
Payment Number	Monthly Period	Termination Value as a % of Cost	Ten Year Straight-Line Amotization	Unamortized Balance	Monthly Depreciation Benefits	Present Value of Depreciation Benefits	Termination Value
38	11/1/04	78.06%	$33,333.33	$2,766,666.67	$50,960.00	$355,599.19	$3,122,265.85
39	12/1/04	76.01%	$33,333.33	$2,733,333.33	$50,960.00	$307,009.85	$3,040,343.18
40	1/1/05	73.95%	$33,333.33	$2,700,000.00	$15,360.00	$258,096.58	$2,958,096.58
41	2/1/05	72.78%	$33,333.33	$2,666,666.67	$15,360.00	$244,457.22	$2,911,123.89
42	3/1/05	71.60%	$33,333.33	$2,633,333.33	$15,360.00	$230,726.94	$2,864,060.27
43	4/1/05	70.42%	$33,333.33	$2,600,000.00	$15,360.00	$216,905.12	$2,816,905.12
44	5/1/05	69.24%	$33,333.33	$2,566,666.67	$15,360.00	$202,991.15	$2,769,657.82
45	6/1/05	68.06%	$33,333.33	$2,533,333.33	$15,360.00	$188,984.43	$2,722,317.76
46	7/1/05	66.87%	$33,333.33	$2,500,000.00	$15,360.00	$174,884.32	$2,674,884.32
47	8/1/05	65.68%	$33,333.33	$2,466,666.67	$15,360.00	$160,690.22	$2,627,356.88
48	9/1/05	64.49%	$33,333.33	$2,433,333.33	$15,360.00	$146,401.49	$2,579,734.82
49	10/1/05	63.30%	$33,333.33	$2,400,000.00	$15,360.00	$132,017.50	$2,532,017.50
50	11/1/05	62.11%	$33,333.33	$2,366,666.67	$15,360.00	$117,537.61	$2,484,204.28
51	12/1/05	60.91%	$33,333.33	$2,333,333.33	$15,360.00	$102,961.20	$2,436,294.53
52	1/1/06	59.71%	$33,333.33	$2,300,000.00	$7,680.00	$88,287.60	$2,388,287.60
53	2/1/06	58.70%	$33,333.33	$2,266,666.67	$7,680.00	$81,196.19	$2,347,862.85
54	3/1/06	57.68%	$33,333.33	$2,233,333.33	$7,680.00	$74,057.50	$2,307,390.83
55	4/1/06	56.67%	$33,333.33	$2,200,000.00	$7,680.00	$66,871.21	$2,266,871.21
56	5/1/06	55.66%	$33,333.33	$2,166,666.67	$7,680.00	$59,637.02	$2,226,303.69
57	6/1/06	54.64%	$33,333.33	$2,133,333.33	$7,680.00	$52,354.60	$2,185,687.93
58	7/1/06	53.63%	$33,333.33	$2,100,000.00	$7,680.00	$45,023.63	$2,145,023.63
59	8/1/06	52.61%	$33,333.33	$2,066,666.67	$7,680.00	$37,643.79	$2,104,310.46
60	9/1/06	51.59%	$33,333.33	$2,033,333.33	$7,680.00	$30,214.75	$2,063,548.08
61	10/1/06	50.57%	$33,333.33	$2,000,000.00	$7,680.00	$22,736.18	$2,022,736.18
62	11/1/06	49.55%	$33,333.33	$1,966,666.67	$7,680.00	$15,207.75	$1,981,874.42
63	12/1/06	48.52%	$33,333.33	$1,933,333.33	$7,680.00	$7,629.14	$1,940,962.47
64	1/1/07	47.50%	$33,333.33	$1,900,000.00			$1,900,000.00
65	2/1/07	46.67%	$33,333.33	$1,866,666.67			$1,866,666.67
66	3/1/07	45.83%	$33,333.33	$1,833,333.33			$1,833,333.33
67	4/1/07	45.00%	$33,333.33	$1,800,000.00			$1,800,000.00
68	5/1/07	44.17%	$33,333.33	$1,766,666.67			$1,766,666.67
69	6/1/07	43.33%	$33,333.33	$1,733,333.33			$1,733,333.33
70	7/1/07	42.50%	$33,333.33	$1,700,000.00			$1,700,000.00
71	8/1/07	41.67%	$33,333.33	$1,666,666.67			$1,666,666.67
72	9/1/07	40.83%	$33,333.33	$1,633,333.33			$1,633,333.33
73	10/1/07	40.00%	$33,333.33	$1,600,000.00			$1,600,000.00
74	11/1/07	39.17%	$33,333.33	$1,566,666.67			$1,566,666.67
75	12/1/07	38.33%	$33,333.33	$1,533,333.33			$1,533,333.33
76	1/1/08	37.50%	$33,333.33	$1,500,000.00			$1,500,000.00
77	2/1/08	36.67%	$33,333.33	$1,466,666.67			$1,466,666.67
78	3/1/08	35.83%	$33,333.33	$1,433,333.33			$1,433,333.33
79	4/1/08	35.00%	$33,333.33	$1,400,000.00			$1,400,000.00
80	5/1/08	34.17%	$33,333.33	$1,366,666.67			$1,366,666.67

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $4,000,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value of Depreciation Benefits	(2) + (4) Termination Value
81	6/1/08	33.33%	$33,333.33	$1,333,333.33			$1,333,333.33
82	7/1/08	32.50%	$33,333.33	$1,300,000.00			$1,300,000.00
83	8/1/08	31.67%	$33,333.33	$1,266,666.67			$1,266,666.67
84	9/1/08	30.83%	$33,333.33	$1,233,333.33			$1,233,333.33
85	10/1/08	30.00%	$33,333.33	$1,200,000.00			$1,200,000.00
86	11/1/08	29.17%	$33,333.33	$1,166,666.67			$1,166,666.67
87	12/1/08	28.33%	$33,333.33	$1,133,333.33			$1,133,333.33
88	1/1/09	27.50%	$33,333.33	$1,100,000.00			$1,100,000.00
89	2/1/09	26.67%	$33,333.33	$1,066,666.67			$1,066,666.67
90	3/1/09	25.83%	$33,333.33	$1,033,333.33			$1,033,333.33
91	4/1/09	25.00%	$33,333.33	$1,000,000.00			$1,000,000.00
92	5/1/09	24.17%	$33,333.33	$966,666.67			$966,666.67
93	6/1/09	23.33%	$33,333.33	$933,333.33			$933,333.33
94	7/1/09	22.50%	$33,333.33	$900,000.00			$900,000.00
95	8/1/09	21.67%	$33,333.33	$866,666.67			$866,666.67
96	9/1/09	20.83%	$33,333.33	$833,333.33			$833,333.33
97	10/1/09	20.00%	$33,333.33	$800,000.00			$800,000.00
98	11/1/09	19.17%	$33,333.33	$766,666.67			$766,666.67
99	12/1/09	18.33%	$33,333.33	$733,333.33			$733,333.33
100	1/1/10	17.50%	$33,333.33	$700,000.00			$700,000.00
101	2/1/10	16.67%	$33,333.33	$666,666.67			$666,666.67
102	3/1/10	15.83%	$33,333.33	$633,333.33			$633,333.33
103	4/1/10	15.00%	$33,333.33	$600,000.00			$600,000.00
104	5/1/10	14.17%	$33,333.33	$566,666.67			$566,666.67
105	6/1/10	13.33%	$33,333.33	$533,333.33			$533,333.33
106	7/1/10	12.50%	$33,333.33	$500,000.00			$500,000.00
107	8/1/10	11.67%	$33,333.33	$466,666.67			$466,666.67
108	9/1/10	10.83%	$33,333.33	$433,333.33			$433,333.33
109	10/1/10	10.00%	$33,333.33	$400,000.00			$400,000.00
110	11/1/10	9.17%	$33,333.33	$366,666.67			$366,666.67
111	12/1/10	8.33%	$33,333.33	$333,333.33			$333,333.33
112	1/1/11	7.50%	$33,333.33	$300,000.00			$300,000.00
113	2/1/11	6.67%	$33,333.33	$266,666.67			$266,666.67
114	3/1/11	5.83%	$33,333.33	$233,333.33			$233,333.33
115	4/1/11	5.00%	$33,333.33	$200,000.00			$200,000.00
116	5/1/11	4.17%	$33,333.33	$166,666.67			$166,666.67
117	6/1/11	3.33%	$33,333.33	$133,333.33			$133,333.33
118	7/1/11	2.50%	$33,333.33	$100,000.00			$100,000.00
119	8/1/11	1.67%	$33,333.33	$66,666.67			$66,666.67
120	9/1/11	0.83%	$33,333.33	$33,333.33			$33,333.33

EXHIBIT I

==

$1,500,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

SEPTEMBER 8, 1999

among

WILLIAMS COMMUNICATIONS, LLC,
as Borrower

WILLIAMS COMMUNICATIONS GROUP, INC.,
as Guarantor

THE LENDERS PARTY HERETO,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Syndication Agent

SALOMON SMITH BARNEY INC.

and

LEHMAN BROTHERS, INC.,
as Joint Lead Arrangers and Joint Bookrunners
with respect to the Incremental Facility referred to herein

SALOMON SMITH BARNEY INC.,

LEHMAN BROTHERS, INC.,

and

MERRILL LYNCH & CO., INC.

as Co-Documentation Agents

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ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms.....1
SECTION 1.02. Classification of Loans and Borrowings.....36
SECTION 1.03. Terms Generally.....36
SECTION 1.04. Accounting Terms; GAAP.....36

ARTICLE 2 THE CREDITS

SECTION 2.01. Commitments.....38
SECTION 2.02. Loans and Borrowings.....38
SECTION 2.03. Requests for Borrowings.....39
SECTION 2.04. Swingline Loans.....40
SECTION 2.05. Letters of Credit.....42
SECTION 2.06. Funding of Borrowings.....46
SECTION 2.07. Interest Elections.....47
SECTION 2.08. Termination and Reduction of Commitments.....48
SECTION 2.09. Repayment of Loans; Evidence of Debt.....51
SECTION 2.10. Amortization of Term Loans and Incremental Term Loans.....52
SECTION 2.11. Prepayment of Loans.....55
SECTION 2.12. Fees.....57
SECTION 2.13. Interest.....58
SECTION 2.14. Alternate Rate of Interest.....59
SECTION 2.15. Increased Costs.....60
SECTION 2.16. Break Funding Payments.....61
SECTION 2.17. Taxes.....62
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.....63
SECTION 2.19. Mitigation Obligations; Replacement of Lenders.....65
SECTION 2.20. Additional Incremental Facilities and Commitments.....66

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Organization; Powers.....67
SECTION 3.02. Authorization; Enforceability.....67
SECTION 3.03. Governmental Approvals; No Conflicts.....68
SECTION 3.04. Financial Condition; No Material Adverse Change.....68
SECTION 3.05. Properties.....68
SECTION 3.06. Litigation and Environmental Matters.....70
SECTION 3.07. Compliance with Laws and Agreements.....70
SECTION 3.08. Investment and Holding Company Status.....70

SECTION 3.09. Taxes....70
SECTION 3.10. ERISA....70
SECTION 3.11. Disclosure....71
SECTION 3.12. Subsidiaries....71
SECTION 3.13. Insurance....71
SECTION 3.14. Labor Matters....71
SECTION 3.15. Solvency....72
SECTION 3.16. No Burdensome Restrictions....72
SECTION 3.17. Representations in Loan Documents True and Correct....72

ARTICLE 4 CONDITIONS

SECTION 4.01. Effective Date....72
SECTION 4.02. Each Credit Event....72
SECTION 4.03. First Incremental Borrowing Date with Respect to the Incremental Facility....73

ARTICLE 5 AFFIRMATIVE COVENANTS

SECTION 5.01. Financial Statements and Other Information....73
SECTION 5.02. Notices of Material Events....76
SECTION 5.03. Existence; Conduct of Business....76
SECTION 5.04. Payment of Obligations....77
SECTION 5.05. Maintenance of Properties....77
SECTION 5.06. Insurance....77
SECTION 5.07. Casualty and Condemnation....77
SECTION 5.08. Books and Records; Inspection and Audit Rights....77
SECTION 5.09. Compliance with Laws....78
SECTION 5.10. Use of Proceeds and Letters of Credit....78
SECTION 5.11A. Initial Collateral Date....78
SECTION 5.11B. Collateral Event....79
SECTION 5.12. Information Regarding Collateral....81
SECTION 5.13. Additional Subsidiaries....82
SECTION 5.14. Further Assurances....83
SECTION 5.15. Concentration Accounts....84
SECTION 5.16. Dissolution of CNG....84
SECTION 5.17. Sale of Solutions and ATL....84
SECTION 5.18. Qualifying Issuances....84

ARTICLE 6 NEGATIVE COVENANTS

SECTION 6.01. Indebtedness; Certain Equity Securities....85
SECTION 6.02. Liens....87

SECTION 6.03. Fundamental Changes....89
SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions....89
SECTION 6.05. Asset Sales....92
SECTION 6.06. Sale and Leaseback Transactions....93
SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness....94
SECTION 6.08. Limitation on Capital Expenditures....95
SECTION 6.09. Transactions with Affiliates....96
SECTION 6.10. Restrictive Agreements....96
SECTION 6.11. Fiscal Year....97
SECTION 6.12. Change in Business....97
SECTION 6.13. Amendment of Material Documents....97
SECTION 6.14. Designation of Unrestricted Subsidiaries....97
SECTION 6.15. Total Net Debt to Contributed Capital Ratio....98
SECTION 6.16. Minimum EBITDA....98
SECTION 6.17. Total Leverage Ratio....98
SECTION 6.18. Senior Leverage Ratio....99
SECTION 6.19. Interest Coverage Ratio....99
SECTION 6.20. Financial Covenant Non-Compliance Cure....99

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default....100

ARTICLE 8 THE AGENTS

SECTION 8.01. Appointment, Powers, Immunities....103
SECTION 8.02. Reliance by Agents....104
SECTION 8.03. Delegation to Sub-Agents....104
SECTION 8.04. Resignation of Agents....104
SECTION 8.05. Non-reliance on Agents or other Lenders....105
SECTION 8.06. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents....105

ARTICLE 9 HOLDINGS GUARANTEE

SECTION 9.01. The Guarantee....105
SECTION 9.02. Guarantee Unconditional....106
SECTION 9.03. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances....106
SECTION 9.04. Waiver....107
SECTION 9.05. Subrogation....107

SECTION 9.06. Stay of Acceleration....107
SECTION 9.07. Successors and Assigns....107

ARTICLE 10 MISCELLANEOUS

SECTION 10.01. Notices....108
SECTION 10.02. Waivers; Amendments....108
SECTION 10.03. Expenses; Indemnity; Damage Waiver....110
SECTION 10.04. Successors and Assigns....111
SECTION 10.05. Survival....115
SECTION 10.06. Counterparts; Integration; Effectiveness....115
SECTION 10.07. Severability....116
SECTION 10.08. Right of Setoff....116
SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process....116
SECTION 10.10. WAIVER OF JURY TRIAL....117
SECTION 10.11. Headings....117
SECTION 10.12. Confidentiality....117
SECTION 10.13. Interest Rate Limitation....118

SCHEDULE 2.01 - COMMITMENTS
SCHEDULE 3.05 - REAL PROPERTY
SCHEDULE 3.06 - DISCLOSED MATTERS
SCHEDULE 3.12 - SUBSIDIARIES
SCHEDULE 3.13 - INSURANCE
SCHEDULE 6.01 - EXISTING INDEBTEDNESS
SCHEDULE 6.02 - EXISTING LIENS
SCHEDULE 6.04 - EXISTING INVESTMENTS
SCHEDULE 6.09 - EXISTING AFFILIATE AGREEMENTS
SCHEDULE 6.10 - EXISTING RESTRICTIVE AGREEMENTS

EXHIBIT A - FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT B - FORM OF BORROWING REQUEST
EXHIBIT C-1 - FORM OF OPINION OF SPECIAL COUNSEL TO HOLDINGS, THE BORROWER AND THE SUBSIDIARY LOAN PARTIES
EXHIBIT C-2 - FORM OF OPINION OF THE GENERAL COUNSEL OF HOLDINGS
EXHIBIT D - FORM OF SUBSIDIARY GUARANTEE
EXHIBIT E - FORM OF REVOLVING NOTE
EXHIBIT F - FORM OF TERM NOTE
EXHIBIT G - FORM OF INTERCOMPANY NOTE
EXHIBIT H - FORM OF INTERCREDITOR AGREEMENT
EXHIBIT I - [INTENTIONALLY DELETED]
EXHIBIT J - FORM OF PROMISSORY NOTE
EXHIBIT K - FORM OF SECURITY AGREEMENT
EXHIBIT L - FORM OF INCREMENTAL TERM NOTE

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of September 8, 1999 among Williams Communications, LLC, a Delaware limited liability company, Williams Communications Group, Inc., a Delaware corporation, the LENDERS party hereto, BANK OF AMERICA, N.A., as Administrative Agent, THE CHASE MANHATTAN BANK, as Syndication Agent, and SALOMON SMITH BARNEY INC. and LEHMAN BROTHERS, INC., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein.

WHEREAS, Holdings, the Borrower, the lenders party thereto, Bank of America, N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent and Salomon Smith Barney Inc. and Lehman Brothers, Inc., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein, have entered into an Amendment No. 5 dated as of April 12, 2001 ("Amendment No. 5") pursuant to which such parties have agreed to amend and restate the Existing Agreement referred to therein as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Additional Capital" means the sum of:

(a) $850 million;

(b) the aggregate Net Proceeds received by the Borrower from the issuance or sale of any Qualifying Equity Interests of Holdings, subsequent to the Amendment No. 4 Effective Date; and

(c) the aggregate Net Proceeds from the issuance or sale of Qualifying Holdings Debt subsequent to the Amendment No. 4 Effective Date convertible or exchangeable into Qualifying Equity Interests of Holdings, in each case upon conversion or exchange thereof into Qualifying Equity Interests of Holdings subsequent to the Amendment No. 4 Effective Date;

provided, however, that the Net Proceeds from the issuance or sale of Equity Interests or Debt described in clause (b) or (c) shall be excluded from any computation of Additional Capital to the extent (1) utilized to make a Restricted Payment or (2) such Equity Interests or Debt shall have been issued or sold to the Borrower, a Subsidiary of the Borrower or a Plan.

"Additional Incremental Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility Agreement" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Loan" means an Additional Incremental Revolving Loan or an Additional Incremental Term Loan.

"Additional Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Revolving Loan" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Adjusted EBITDA" means, for any period of four consecutive fiscal quarters:

(i) if such period is a period ending on or after June 30, 1999 and on or before September 30, 2001,

(A) an amount equal to (x)(1) EBITDA for the last fiscal quarter in such period plus (2) ADP Interest Expense for such fiscal quarter minus (3) gain for such fiscal quarter attributable to Dark Fiber and Capacity Dispositions multiplied by (y) four, plus

(B) Dark Fiber and Capacity Proceeds for such period; and

(ii) if such period is any other period,

(A) EBITDA for such period plus (y) ADP Interest Expense for such period minus (z) gain for such period attributable to Dark Fiber and Capacity Dispositions plus

(B) Dark Fiber and Capacity Proceeds for such period.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Bank of America, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"ADP" means the program set forth in the Operative Documents.

"ADP Event of Default" has the meaning assigned to such term in the Intercreditor Agreement.

"ADP Interest Expense" means, for any period, the amount that would be accrued for such period in respect of the Borrower's obligations under the ADP that would constitute "interest expense" for such period if such obligations were treated as Capital Lease Obligations.

"ADP Obligations" means all obligations of Holdings or any Subsidiary under the ADP.

"ADP Outstandings" means, at any time, the amount of the Borrower's obligations at such time in respect of the ADP that would be considered "principal" if such obligations were treated as Capital Lease Obligations.

"ADP Property" has the meaning assigned to the term "Property" in the Participation Agreement.

"Affiliate" means, with respect to a specified Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls (a "controlling Person"), is Controlled by or is under common Control with the specified Person, (ii) any Person that holds, directly or indirectly, 10% or more of the Equity Interests of the specified Person and (iii) any Person 10% or more of the Equity Interests of which are held directly or indirectly by the specified Person or a controlling Person.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and each Co-Documentation Agent.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Amendment No. 4 Effective Date" means March 19, 2001.

"Amendment No. 5" has the meaning set forth in the preamble.

"Amendment No. 5 Effective Date" means the date of effectiveness of Amendment No. 5.

"Applicable Margin" means, for any day, (a) with respect to any Term Loan or Revolving Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

(b) with respect to any Incremental Tranche A Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

	FACILITIES RATING	EURODOLLAR SPREAD	ABR SPREAD	LEVERAGE PREMIUM
LEVEL I	BBB- and Baa3 or higher	1.50%	0.50%	0.25%
LEVEL II	BB+ and Ba1	1.875%	0.875%	0.25%
LEVEL III	BB and Ba2	2.25%	1.25%	0.25%
LEVEL IV	BB- and Ba3	2.50%	1.50%	0.25%
LEVEL V	Lower than BB- or lower than Ba3	2.75%	1.75%	0.25%

and

(c) with respect to any Additional Incremental Loan, the Applicable Margin in respect thereof set forth in the applicable Additional Incremental Facility Agreement.

For purposes of the foregoing clauses (a) and (b), (i) if neither S&P nor Moody's shall have in effect a rating for the Facilities (other than by reason of the circumstances referred to in the last sentence of this definition), then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply (other than with respect to the Leverage Premium or as described in the immediately succeeding sentence or the immediately succeeding paragraph) during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P or Moody's shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any such amendment shall be subject to the provisions of Section 10.02(b).

If the Borrower shall enter into any Additional Incremental Facility Agreement, the Borrower, the Incremental Facility Arrangers and the Administrative Agent, on behalf of the then current Lenders, shall evaluate in good faith at such time whether to amend this definition of Applicable Margin with respect to the Term Loans, the Revolving Loans and the Incremental Tranche A Term Loans. Any such amendment shall be subject to the provisions of Section 10.02(b).

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"ATL" means ATL-Algar Telecom Leste S.A., a Brazilian corporation.

"Attributable Debt" means, on any date, in respect of any lease of Holdings or any Restricted Subsidiary entered into as part of a Sale and Leaseback Transaction subject to Section 6.06(ii), (i) if such lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bank of America" means Bank of America, N.A.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Williams Communications, LLC, a Delaware limited liability company.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of Holdings and the Restricted Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Holdings and the Restricted Subsidiaries for such period prepared in accordance with GAAP, other than any such capital expenditures that constitute Investments permitted under Section 6.04 (other than Section 6.04(i)); provided that any use during such period of the proceeds of any such Investment made by the recipient thereof for additions to property, plant and equipment and other capital expenditures, as described in this definition, shall (unless

such use shall, itself, constitute an Investment permitted under Section 6.04 (other than Section 6.04(i)) constitute "Capital Expenditures".

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalent Investments" means:

(1) Government Securities maturing, or subject to tender at the option of the holder thereof, within two years after the date of acquisition thereof;

(2) time deposits and certificates of deposit of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the law of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, in either case with a maturity date not more than one year from the date of acquisition;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with (a) any bank meeting the qualifications specified in clause (2) above or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing, or subject to tender at the option of the holder of such obligation, within one year after the date of acquisition thereof; provided that, at the time of acquisition, the long-term debt of such state, political subdivision or public instrumentality has a rating of A, or higher, from S&P or A-2 or higher from Moody's or, if at any time neither S&P nor Moody's shaft be rating such obligations, then an equivalent rating from such other nationally recognized rating service as is acceptable to the Administrative Agent;

(5) commercial paper issued by the parent corporation of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total

assets in excess of $500,000,000, or its foreign currency equivalent at the time, and money market instruments and commercial paper issued by others having one of the three highest ratings obtainable from either S&P or Moody's, or, if at any time neither S&P nor Moody's shall be rating such obligations, then from such other nationally recognized rating service as is acceptable to the Administrative Agent and in each case maturing within one year after the date of acquisition;

(6) overnight bank deposits and bankers' acceptances at (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time;

(7) deposits available for withdrawal on demand with (a) a commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time; and

(8) investments in money market funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7).

"Change in Control" means:

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any shares of capital stock of the Borrower;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the Commission thereunder as in effect on the date hereof) other than the Parent and its subsidiaries, of shares representing more than 35% of either (i) the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) the issued and outstanding capital stock of Holdings;

(c) other than as a result of the consummation of the Spin-Off, the failure of the Parent and its subsidiaries to own, directly or indirectly, (i) more than 75% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) more than 65% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the issued and outstanding capital stock of Holdings;

(d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed by directors so nominated; or

(e) the acquisition of direct or indirect Control of Holdings by any Person or group (other than, prior to the consummation of the Spin-Off, the Parent).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, any Swingline Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender, Swingline Lender or Issuing Bank or by such Lender's, Swingline Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Class" means, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Swingline Loans, Incremental Term Loans or Additional Incremental Loans and, when used in reference to any Commitment or Facility, refers to whether such Commitment or Facility is a Revolving Commitment or Facility, a Term Commitment or Facility, an Incremental Commitment or Facility or an Additional Incremental Commitment or Facility. The Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each Additional Incremental Facility shall constitute a separate Class from the Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each other Additional Incremental Facility, and if an Additional Incremental Facility includes Additional Incremental Revolving Commitments and Additional Incremental Term Commitments, such Additional Incremental Revolving Commitments and Additional Incremental Term Commitments and the Additional Incremental Revolving Loans and Borrowings thereof and the Additional Incremental Term Loans and Borrowings thereof, respectively, thereunder shall constitute separate Classes.

"CNG" means CNG Computer Networking Group, Inc., a Delaware corporation, and its successors and assigns.

"Co-Documentation Agent" means each of Salomon Smith Barney Inc., Lehman Brothers, Inc. and Merrill Lynch & Co., Inc., in each case in its capacity as a co-documentation agent hereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Collateral Document.

"Collateral Documents" means the Security Agreement and all security agreements, pledge agreements, mortgages and other security agreements or instruments or documents executed and delivered pursuant to Section 5.11B, 5.13 or 5.14.

"Collateral Establishment Date" has the meaning assigned to such term in Section 5.11B.

"Collateral Event" means the failure of the Facilities to be rated at least (i) BB- by S&P and (ii) Ba3 by Moody's.

"Collateral Notice has the meaning assigned to such term in Section 5.11B.

"Collateral Release Event" means the occurrence, after the occurrence of a Collateral Event, of the earlier to occur of (i) the termination of the Commitments, the payment in full of all obligations under the Loan Documents and the expiration or termination of all Letters of Credit and (ii) the rating of the Facilities by S&P of BB+ or greater and by Moody's of Ba1 or greater, in each case after giving effect to the release of all Collateral.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means a Revolving Commitment, a Term Commitment, an Incremental Commitment, an Additional Incremental Commitment or any combination thereof (as the context requires).

"Commitment Fee Rate" means, (a) with respect to the Revolving Commitments and the Term Commitments, a rate per annum equal to (x) 1.00% for each day on which Usage is less than 33.3%, (y) 0.75% for each day on which Usage is equal to or greater than 33.3% but less than 66.6% and (z) 0.50% for each day on which Usage is equal to or greater than 66.6% and (b) with respect to the Incremental Tranche A Commitments, 0.75% for each day. For purposes of the foregoing, "Usage" means, on any date, the percentage obtained by dividing (i) in the case of Revolving Commitments, (a) the aggregate Revolving Exposure on such date less the aggregate principal amount of all Swingline Loans outstanding on such date by (b) the aggregate outstanding Revolving Commitments on such date and (ii) in the case of Term Commitments, (a) the aggregate principal amount of all Term Loans outstanding on such date by (b) the sum of the aggregate principal amount of all Term Loans outstanding on such date and the aggregate unused Term Commitments on such date.

"Commitment Fees" has the meaning assigned to such term in Section 2.12.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings and the Restricted Subsidiaries (exclusive of the portion of net income allocable to Persons that are not Restricted Subsidiaries, except to the extent such amounts are received in cash by the Borrower or a Restricted Subsidiary) for such period.

"Consolidated Assets" means, at any date, the consolidated assets of Holdings and the Restricted Subsidiaries.

"Contributed Capital" means, at any date, (i) Total Net Debt at such date plus (ii) without duplication, all cash proceeds received by Holdings on or prior to such date from contributions to the capital, or purchases of common equity securities, of Holdings, including, without limitation, the proceeds of the Equity Issuance, and all other capital contributions made by the Parent and its subsidiaries (other than Holdings and its Subsidiaries) to Holdings, but only to the extent that proceeds of any of the foregoing are contributed by Holdings to the Borrower.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Dark Fiber and Capacity Proceeds" means, for any period, cash proceeds received by Holdings and the Restricted Subsidiaries in respect of Dark Fiber and Capacity Dispositions during such period.

"Dark Fiber and Capacity Disposition" means a lease, sale, conveyance or other disposition of fiber optic cable or capacity for a period constituting all or substantially all of the expected useful life of either the fiber optic cable (in the case of Dark Fiber Disposition) or optronic equipment generating the capacity (in the case of Capacity Disposition) thereof.

"Deemed Subsidiary Investment" has the meaning assigned to such term in Section 6.14.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disqualified Stock" of any Person means any Equity Interest of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the

option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Term Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period,

(i Consolidated Net Income for such period,

plus,

(ii to the extent deducted in determining Consolidated Net Income, the sum, without duplication, of (w) interest expense, (x) income tax expense, (y) depreciation and amortization expense and (z) non-cash extraordinary or non-recurring charges (if any), in each case recognized in such period;

minus,

(iii to the extent included in Consolidated Net Income for such period, extraordinary or non-recurring gains (if any), in each case recognized in such period.

"Effective Date" means September 8, 1999.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material, the health effects of Hazardous Materials or safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"Equity Issuance" means the issuance and sale by Holdings of its common stock (x) in an initial public offering or (y) to certain strategic investors other than the Parent or any of its subsidiaries or Affiliates.

"Equity Issuance Registration Statement" means Amendment No. 7 to the Registration Statement on Form S-1 with respect to the Equity Issuance filed by Holdings with the Commission on September 2, 1999.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article 7.

"Excess Cash Flow" means, for any fiscal period, the sum (without duplication) of:

(a) the Consolidated Net Income (or loss) of Holdings and the Restricted Subsidiaries for such period, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization, non-cash interest expense and other non-cash charges or losses deducted in determining Consolidated Net Income (or loss) for such period; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such period plus (ii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries increased during such period plus (iii) the aggregate principal amount of Capital Lease Obligations and other Indebtedness incurred during such period to finance Capital Expenditures, to the extent that mandatory principal payments in respect of such Indebtedness would not be excluded from clause (f) below when made; minus

(d) the sum of (i) any non-cash gains included in determining Consolidated Net Income (or loss) for such period plus (ii) the amount, if any, by which Net Working Capital increased during such period plus (iii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries decreased during such period; minus

(e) Capital Expenditures for such period; minus

(f) the aggregate principal amount of long-term Indebtedness (including pursuant to Capital Lease Obligations) repaid or prepaid by Holdings and the Restricted Subsidiaries during such period, excluding (i) Indebtedness in respect of Revolving Loans, Incremental Revolving Loans, Additional Incremental Revolving Loans and Letters of Credit, (ii) Term Loans, Incremental Term Loans and Additional Incremental Term Loans prepaid pursuant to Section 2.11(b) or (c), (iii) repayments or prepayments of Indebtedness financed by incurring other Indebtedness, to the extent that mandatory principal payments in respect of such other Indebtedness would not be excluded from this clause (f) when made and (iv) Indebtedness referred to in Sections 6.01(d), 6.01(f), 6.01(g), 6.01(i), 6.01(j), 6.01(k) and 6.01(o).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is a resident or is organized or in which its principal

office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)) or any Participant that would be a Foreign Lender if it were a Lender, any withholding tax that (i) is imposed on or with respect to amounts payable to such Foreign Lender or Participant at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or such Participant become a Participant, except to the extent that such Foreign Lender (or its assignor, if any) or Participant was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender or Participant's failure to comply with Section 2.17(e).

"Existing International Joint Ventures" means ATL, PowerTel Limited and Telefonica Manquehue, S.A.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of Holdings or the Borrower, as the case may be.

"First Incremental Borrowing Date" means the date on which the first Borrowing under the Incremental Facility is made in accordance with Section 4.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia, other than a Subsidiary that is (whether as a matter of law, pursuant to an election by such Subsidiary or otherwise) treated as a partnership in which any Subsidiary

that is not a Foreign Subsidiary is a partner or as a branch of any Subsidiary that is not a Foreign Subsidiary for United States income tax purposes.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations fully and unconditionally guaranteed or insured by, the United States of America or any agency or instrumentality thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged and which are not callable or redeemable at the issuer's option; provided that, for purposes of the definition of "Cash Equivalents Investments" only, such obligations shall not constitute Government Securities if they are redeemable or callable at a price less than the purchase price paid by the Borrower or the applicable other Restricted Subsidiary, together with all accrued and unpaid interest, if any, on such Government Securities.

"Granting Lender" has the meaning set forth in Section 10.04(b)(2).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of

any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

"Hedge Counterparty" means each Lender that is, and each affiliate of any Lender that is, a counterparty under a Hedging Agreement entered into with the Borrower or any other Restricted Subsidiary.

"Hedging Agreement" means any interest rate protection agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"High Yield Notes" means the notes issued by Holdings (i) the terms of which either (A) are substantially similar to the terms set forth in the Notes Offering Registration Statement or (B) are otherwise approved by the Administrative Agent and the Syndication Agent after consultation with the Required Banks and (ii) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date.

"Holdings" means Williams Communications Group, Inc., a Delaware corporation.

"Incremental Commitments" means the Incremental Tranche A Commitments.

"Incremental Facility" means the Incremental Tranche A Facility.

"Incremental Facility Arrangers" means Salomon Smith Barney Inc. and Lehman Brothers, Inc., in their respective capacities as joint lead arrangers of the Incremental Facility.

"Incremental Lenders" means the Incremental Tranche A Lenders.

"Incremental Term Loans" means the Incremental Tranche A Term Loans.

"Incremental Tranche A Amortization Date" means December 31, 2002.

"Incremental Tranche A Commitments" means with respect to each Incremental Tranche A Lender, the commitment, if any, of such Lender to make Incremental Tranche A Term Loans hereunder during the Incremental Tranche A Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Incremental Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Tranche A Term Commitment is set forth on Schedule 2.01(b), or in the Assignment and Acceptance

pursuant to which such Lender shall have assumed its Incremental Tranche A Term Commitment, as applicable. The initial aggregate amount of the Incremental Tranche A Lenders' Incremental Tranche A Term Commitments is $450,000,000.

"Incremental Tranche A Commitment Termination Date" means the date that is the earlier of (i) 180 days after the Amendment No. 5 Effective Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Incremental Tranche A Facility" means the Incremental Tranche A Commitments and the Incremental Tranche A Term Loans hereunder.

"Incremental Tranche A Lenders" means a Lender with an Incremental Tranche A Commitment or an outstanding Incremental Tranche A Term Loan.

"Incremental Tranche A Maturity Date" means September 8, 2006.

"Incremental Tranche A Term Loan" means a Loan made pursuant to Section 2.01(b)(i).

"Incremental Tranche A Term Loan Availability Period" means the period from and including the First Incremental Borrowing Date to but excluding the earlier of (i) the Incremental Tranche A Commitment Termination Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all (x) Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Indebtedness only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor) and (y) ADP Outstandings, if any, of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such

Person in respect of bankers' acceptances, (j) any Disqualified Stock and (k) all obligations under any Hedging Agreements or Permitted Specified Security Hedging Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of the Borrower and the other Subsidiaries shall exclude any Indebtedness of Holdings that would otherwise constitute Indebtedness of the Borrower or any such Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d), and Indebtedness of Holdings and the Subsidiaries shall exclude any Indebtedness of the Parent that would otherwise constitute Indebtedness of Holdings or any Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated August 1999 relating to the Parent, Holdings, the Borrower and the Transactions.

"Initial Collateral Date" means the first date on which the Parent ceases to own at least a majority of the outstanding securities having ordinary voting power of Holdings, whether as a result of the consummation of the Spin-Off or otherwise.

"Intercreditor Agreement" means the Intercreditor Agreement, substantially in the form of Exhibit H hereto, among the Lenders, the Parent, Holdings and the Borrower.

"Interest Coverage Ratio" means, at any date, the ratio of (i) the amount equal to (A) EBITDA plus (B) ADP Interest Expense minus (C) gains attributable to Dark Fiber and Capacity Dispositions plus (D) Dark Fiber and Capacity Proceeds to (ii) Interest Expense, in each case for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"Interest Expense" means, for any period, the cash interest expense of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP plus ADP Interest Expense for such period, net of interest income for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with

an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, or six months (or if corresponding funding is available to each Lender of the applicable Class, twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America and Chase, each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such affiliate with respect to Letters of Credit issued by such affiliate.

"Investment" has the meaning assigned to such term in Section 6.04.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01, any Additional Incremental Lender that shall become a Lender pursuant to Section 2.20 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders and the Additional Incremental Lenders.

"Leverage Target Date" means the first date on or after March 31, 2002 on which the Total Leverage Ratio for the fiscal quarter (or fiscal year, as the case may be) most recently ended and with respect to which Holdings and the Borrower shall have delivered the financial statements required to be delivered by them with respect to such fiscal quarter (or fiscal year, as the case may be) pursuant to Section 5.01(a) or 5.01(b) does not exceed 3.5:1.0.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Parent Guarantee, the Subsidiary Guarantee, the Intercreditor Agreement, any Additional Incremental Facility Agreement and the Collateral Documents (if any).

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loan Party Guarantees" means the Subsidiary Guarantee.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Mark-to-Market Valuation" means, at any date with respect to any Hedging Agreement or Permitted Specified Security Hedging Transaction, all net obligations under such Hedging Agreement or Permitted Specified Security Hedging Transaction in an amount equal to (i) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has been closed out, the termination value thereof or (ii) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in Hedging Agreements or other transactions similar to such Hedging Agreement or Permitted Specified Security Hedging Transaction."

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of Holdings and the Restricted Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings or any Restricted Subsidiary in respect of any Hedging Agreement or Permitted Specified Security Hedging Transaction at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Restricted Subsidiary would be required to pay if such Hedging Agreement or Permitted Specified Security Hedging Transaction were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations.

"Mortgage Establishment Date" has the meaning assigned to such term in Section 5.11B(b).

"Mortgaged Property" means each parcel of real property and the improvements thereto owned by a Loan Party with respect to which a Mortgage is granted pursuant to Section 5.11B(b).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by Holdings and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by Holdings and the Restricted Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings and the Restricted Subsidiaries, and the amount of any reserves established by Holdings and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of Holdings).

"Net Working Capital" means, at any date, (a) the consolidated current assets of Holdings and the Restricted Subsidiaries as of such date (excluding cash and Cash Equivalent Investments) minus (b) the consolidated current liabilities of Holdings and the Restricted Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Notes Offering" means the public offering and sale of the High Yield Notes.

"Notes Offering Registration Statement" means Amendment No. 6 to the Registration Statement on Form S-1 with respect to the Notes Offering filed by Holdings with the Commission on September 2, 1999.

"Obligations" means (i) obligations under the Loan Documents, including (x) all principal of and interest (including, without limitation, Post-Petition Interest) on any Loan under, or any Note issued pursuant to, or any reimbursement obligation under any Letter of Credit under, the Credit Agreement and (y) all other amounts payable under the Loan Documents and (ii) obligations of any Loan Party under any Hedging Agreement with any Lender or any affiliate of any Lender, including, without limitation, a conditional obligation to make a future payment under an outstanding Hedging Agreement.

"Operative Documents" has the meaning set forth in the Participation Agreement.

"Other Financing Documents" means all agreements, instruments and other documents entered into or related to the Equity Issuance and the Notes Offering.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent" means The Williams Companies, Inc., a Delaware corporation.

"Parent Indemnity" means the Indemnification Agreement dated as of September 1, 1999 between the Parent and Holdings.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of September 2, 1998, as amended from time to time, among the Borrower, State Street Bank and Trust Company of Connecticut, National Association, as trustee, the Noteholders and Certificate Holders named therein, State Street Bank and Trust Company, as collateral agent, and Citibank, N.A., as agent, and the other agents, arrangers and managing agents party thereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract

from the value of the affected property or interfere with the ordinary conduct of business of Holdings or any Restricted Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Receivables Disposition" means any transfer (by way of sale, pledge or otherwise) by the Borrower or any Restricted Subsidiary to any other Person (including a Receivables Subsidiary) of accounts receivable and other rights to payment (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise and including the right to payment of interest or finance charges) and related contract and other rights and property (including all general intangibles, collections and other proceeds relating thereto, all security therefor (and the property subject thereto), all guarantees and other agreements or arrangements of whatsoever character from time to time supporting such right to payment, and all other rights, title and interest in goods relating to a sale which gave rise to such right of payment) in connection with a Permitted Receivables Financing.

"Permitted Receivables Financing" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $250,000,000 on terms reasonably satisfactory to all the Incremental Facility Arrangers (if any) and the Administrative Agent.

"Permitted Specified Security Hedging Transactions" means options, collars, forwards and other similar transactions (including, without limitation, prepaid forward transactions, collar/loan transactions and other similar transactions) with respect to any Specified Security entered into by the Borrower or any of its Subsidiaries to monetize the value of and/or hedge against changes in the market price of such Specified Security."

"Permitted Telecommunications Asset Disposition"means the transfer, conveyance, sale, lease or other disposition of an interest in or capacity on (1) optical fiber and/or conduit and any related equipment, technology or software used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would retain the right to use at least the minimum retained capacity set forth below:

(i) with respect to any Segment constructed by, for or on behalf of the Borrower or any Subsidiary or Affiliate, (x) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (y) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; and

(ii) with respect to any Segment purchased or leased from third parties, the lesser of (x) 50% of the optical fibers per route mile originally purchased or leased on such Segment, (y) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (z) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; or

(2) single strand fiber used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would not eliminate all capacity between the endpoint cities connected by any fiber of the Borrower or its Restricted Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Post-Petition Interest" means any interest that accrues after the commencement of any case, proceeding or action relating to the bankruptcy, reorganization or insolvency of the Borrower (or would accrue but for the operation of applicable bankruptcy, reorganization or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of Holdings or any Restricted Subsidiary, other than Dark Fiber and Capacity Dispositions and dispositions permitted under clauses (a) through (d) and (f) through (i) of Section 6.05 and except as contemplated by Sections 5.17 and 5.18; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset or purchase similar property or assets within 360 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01.

"Prepayment Portion" means in respect of any prepayment to be made pursuant to Section 2.11(b) or 2.11(c), a fraction, the numerator of which is the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate principal amount and the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction pursuant to Section 2.08(f) or (g) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Dallas, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning set forth in Section 3.04(d).

"Qualifying Borrower Indebtedness" means, unsecured Indebtedness of the Borrower to Holdings that (i) does not require the payment of any principal or cash interest prior to the first anniversary of the Term Maturity Date, (ii) is not redeemable by, or convertible or exchangeable for securities of the Borrower or any of its Subsidiaries that are redeemable by, the holder thereof, and not subject to any required sinking fund or other similar payment, prior to the first anniversary of the Term Maturity Date, (iii) is subordinated to the Obligations pursuant to subordination provisions at least as favorable to the holders of the Obligations as the provisions set forth in Exhibit J hereto and (iv) includes no covenants, events of default or acceleration provisions other than a customary bankruptcy default and acceleration provision.

"Qualifying Equity Interest" means, with respect to Holdings or the Borrower, Equity Interests of Holdings or the Borrower, as the case may be, that (i) are not mandatorily redeemable or redeemable at the option of the holder thereof, (ii) are not convertible into or exchangeable for debt securities of Holdings or any Restricted Subsidiary, Equity Interests in any Restricted Subsidiary or Equity Interests that are not Qualifying Equity Interests of Holdings, (iii) are not required to be repurchased or redeemed by Holdings or any Restricted Subsidiary and (iv) do not require the payment of cash dividends, in each of the foregoing cases, prior to the date that is one year after the Term Maturity Date.

"Qualifying Holdings Debt" means unsecured debt of Holdings (other than the High Yield Notes) (i) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date, (ii) the payment of the principal of and interest on which and other payment obligations of Holdings in respect of which are subordinated to the prior payment in full in cash of the principal of and interest (including Post-Petition Interest) on the Loans and all other obligations under the Loan Documents and (iii) the terms and conditions of which are reasonably satisfactory to the Required Lenders.

"Qualifying Issuances" means (i) any issuance of Qualifying Equity Interests of Holdings, (ii) any issuance of unsecured Indebtedness described in clauses (a) or (b) of the definition thereof of Holdings or the Borrower, and (iii) any Sale and Leaseback Transaction by the Borrower or a Restricted Subsidiary the subject property of which is the building under construction as of the Amendment No. 4 Effective Date and adjacent to One Williams Center, together with the parking garage adjacent thereto, or any one or more of three corporate jets identified by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date, so long as the terms and conditions of any such Indebtedness or Sale and Leaseback Transaction shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Receivables Subsidiary" means any wholly-owned Unrestricted Subsidiary (regardless of the form thereof) of the Borrower formed solely for the purpose of, and which engages in no other activities except those necessary for, effecting Permitted Receivables Financings.

"Reduction Portion" means, in respect of any reduction of Revolving Commitments or Additional Incremental Revolving Commitments to be made pursuant to Section 2.08(f) or (g), a fraction, the numerator of which is the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate Commitments and the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under Section 2.11(b) or 2.11(c) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Reorganization" means the contribution to the Borrower by the Parent and its subsidiaries (other than Holdings and the Subsidiaries) of its material subsidiaries that hold interests in international communications projects (other than Algar Telecom S.A. (formerly known as Lightel S.A.) and by Holdings of all of its material subsidiaries (other than the Borrower and its subsidiaries), in each case not previously held, directly or indirectly, by the Borrower.

"Required Lenders" means, at any time, Lenders having outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments representing more than 50% of the sum of the total outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such shares of capital stock of Holdings, the Borrower or any Subsidiary.

"Restricted Subsidiary" means the Borrower and each other Subsidiary (other than any Foreign Subsidiary) of Holdings that has not been designated as an Unrestricted Subsidiary pursuant to and in compliance with Section 6.14. On the Effective Date, all Subsidiaries (other than (i) each Structured Note Trust and (ii) any Foreign Subsidiary) of Holdings are Restricted Subsidiaries.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment as of

the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $525,000,000.

"Revolving Commitment Reduction Date" means September 30, 2002.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Facility" means the Revolving Commitments and the Revolving Loans hereunder.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Revolving Maturity Date" means the sixth anniversary of the Effective Date.

"Sale and Leaseback Transaction" has the meaning set forth in Section 6.06.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"Security Agreement" means the security agreement substantially in the form of Exhibit K hereto among the Borrower, each Restricted Subsidiary and the Administrative Agent entered into as of the Initial Collateral Date, as amended from time to time.

"Segment" means (i) with respect to the Borrower's and the other Restricted Subsidiaries' intercity network, the through-portion of such network between two local networks and (ii) with respect to a local network of the Borrower and the other Restricted Subsidiaries, the entire through-portion of such network, excluding the spurs which branch off the through-portion.

"Senior Debt" means, at any date, without duplication, all Indebtedness (other than Qualifying Borrower Indebtedness permitted under Section 6.01(p)) of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower, determined on a consolidated basis at such date and the ADP Outstandings at such date; provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of the Borrower and the Restricted Subsidiaries that are subsidiaries of the Borrower then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such

aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Mark-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero."

"Senior Leverage Ratio" means, at any date, the ratio of (i) Senior Net Debt at such date, to (ii) Adjusted EBITDA, for the period of four fiscal quarters most recently ended on or prior to such date.

"Senior Net Debt" means, at any date, Senior Debt at such date minus the aggregate amount of all cash and Cash Equivalent Investments of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Solutions" means Williams Communications Solutions, LLC, a Delaware corporation, and its successors and assigns.

"SPC" has the meaning set forth in Section 10.04(b)(2).

"Specified Hedging Agreement" has the meaning set forth in Section 9.01.

"Specified Indebtedness" has the meaning set forth in Section 6.07(b).

"Specified Security" means publicly traded equity securities of actual or prospective customers or vendors of the Borrower and its subsidiaries acquired by the Borrower and its subsidiaries in connection with (or pursuant to warrants, options or rights acquired in connection with) actual or prospective commercial agreements with such customers or vendors; provided that securities of the Borrower or any of its subsidiaries or Affiliates shall not constitute Specified Securities.

"Spin-Off" means the distribution by Parent to its shareholders of all or substantially all of the capital stock of Holdings held by Parent substantially on the terms described by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such

Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Structured Note Bridge Indebtedness" means the Indebtedness permitted to be incurred by Holdings pursuant to Section 6.01(t).

"Structured Note Financing" means the issuance by the Structured Note Trust of notes for cash Net Proceeds of up to $1,500,000,000 substantially on the terms and conditions described by the Borrower in the "Term Sheet for Structured Note" included as an attachment to the Borrower's Amendment Request distributed to the Lenders on or prior to March 7, 2001 or otherwise approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Structured Note Trust" means WCG Note Trust and WCG Note Corp., Inc., each of which is an Unrestricted Subsidiary created for the purpose of consummating the Structured Note Financing and conducting no activities other than the consummation of the Structured Note Financing and activities incidental thereto.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of Holdings. For purposes of the representations and warranties made herein on the Effective Date, the term "Subsidiary" includes each of the Borrower and the other Restricted Subsidiaries.

"Subsidiary Designation" has the meaning set forth in Section 6.14.

"Subsidiary Guarantee" means the Subsidiary Guarantee, substantially in the form of Exhibit D, made by the Subsidiary Loan Parties in favor of the Administrative Agent for the benefit of the Lenders, and any Supplements thereto.

"Subsidiary Loan Party" means any Restricted Subsidiary (other than the Borrower) that is not a Foreign Subsidiary; provided that no Receivables Subsidiary shall be a Subsidiary Loan Party for any purpose under the Loan Documents.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lenders" means Bank of America and Chase, each in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Syndication Agent" means Chase, in its capacity as syndication agent hereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telecommunications Assets" means:

(a) any property (other than cash or Cash Equivalent Investments) to be owned or used by the Borrower or any other Restricted Subsidiary and used in the Telecommunications Business; and

(b) Equity Interests of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Equity Interests by the Borrower or any other Restricted Subsidiary from any Person other than an Affiliate of Holdings or the Borrower; provided that such Person is primarily engaged in the Telecommunications Business.

"Telecommunications Business" means the business of:

(a) transmitting, or providing services relating to the transmission of, voice, video or data through owned or leased transmission facilities or the right to use such facilities;

(b) constructing, acquiring, creating, developing, operating, managing or marketing communications networks, related network transmission equipment, software and other devices for use in a communications business;

(c) computer outsourcing, data center management, computer systems integration, reengineering of computer software for any purpose, including, without limitation, for the purposes of porting computer software from one

operating environment or computer platform to another or to address issues commonly referred to as "Year 2000 issues";

(d) constructing, managing or operating fiber optic telecommunications networks and leasing capacity on those networks to third parties;

(e) the sale, resale, installation or maintenance of communications systems or equipment; or

(f) evaluating, participating in or pursuing any other activity or opportunity that is primarily related to those identified in (a), (b), (c), (d) or (e) above;

provided that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of Holdings.

"Term Amortization Date" means September 30, 2002.

"Term Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder during the Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Term Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Term Commitment, as applicable. The initial aggregate amount of the Lenders' Term Commitments is $525,000,000.

"Term Commitment Termination Date" means September 8, 2000.

"Term Facility" means the Term Commitments and the Term Loans hereunder.

"Term Lender" means a Lender with a Term Commitment or an outstanding Term Loan.

"Term Loan" means a Loan made pursuant to Section 2.01(a)(i).

"Term Loan Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Term Commitment Termination Date and the date of termination of the Term Commitments.

"Term Maturity Date" means September 30, 2006.

"Total Debt" means, at any date, without duplication, the sum of all Indebtedness of Holdings and the Restricted Subsidiaries, determined on a consolidated basis at such

date, and the ADP Outstandings at such date, provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of Holdings and the Restricted Subsidiaries then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Market-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero.

"Total Leverage Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Adjusted EBITDA for the period of four fiscal quarters most recently ended on or prior to such date.

"Total Net Debt" means, at any date, Total Debt at such date, minus the aggregate amount of all cash and Cash Equivalent Investments of Holdings and the Restricted Subsidiaries (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Total Net Debt to Contributed Capital Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Contributed Capital at such date.

"Trading Subsidiary" has the meaning assigned to such term in Section 6.03(c).

"Transactions" means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to an Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (i) any Subsidiary (other than the Borrower) that is designated by the Board of Directors of Holdings as an Unrestricted Subsidiary in accordance with Section 6.14, and (ii) each Structured Note Trust.

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, whether or not the right so to vote has been suspended by the happening of such a contingency.

"Weighted Average Life to Maturity" means, on any date and with respect to the Revolving Commitments, the Term Loans, any Additional Incremental Revolving Commitments of any Class, any Incremental Term Loans, any Additional Incremental Term Loans of any Class or any other Indebtedness or commitments to provide financing, an amount equal to (i) the sum, for each scheduled repayment of Term Loans, Additional Incremental Term Loans or Incremental Term Loans of such Class or of such Indebtedness, as the case may be, to be made after such date, or each scheduled reduction of Revolving Commitments or Additional Incremental Revolving Commitments of such Class or other commitments to provide financing, as the case may be, to be made after such date, of the amount of such scheduled repayment or reduction multiplied by the number of days from such date to the date of such scheduled prepayment or reduction divided by (ii) the aggregate principal amount of such Term Loans, Additional Incremental Term Loans or Incremental Term Loans or of such Indebtedness, as the case may be, or such Revolving Commitments or Additional Incremental Revolving Commitments or other commitments to provide financing, as the case may be.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same

meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

SECTION 2.1. Commitments. Subject to the terms and conditions set forth herein, (a) each Lender agrees (i) to make Term Loans to the Borrower from time to time during the Term Loan Availability Period in a principal amount not exceeding its Term Commitment, if any, (ii) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment, if any, (iii) to make Additional Incremental Term Loans to the Borrower under any Additional Incremental Facility during the period or on the date set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding its Additional Incremental Commitment in respect of such Additional Incremental Facility, if any, and (iv) to make Additional Incremental Revolving Loans to the Borrower under any Additional Incremental Facility during the period set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding at any time its Additional Incremental Revolving Commitment in respect of such Additional Incremental Facility, if any, (b) each Incremental Tranche A Lender agrees to make Incremental Tranche A Term Loans to the Borrower from time to time during the Incremental Tranche A Term Loan Availability Period in a principal amount not exceeding its Incremental Tranche A Commitment, provided that the initial Borrowing under the Incremental Tranche A Facility shall be in an aggregate amount not less than $225,000,000 and shall occur on the First Incremental Borrowing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Additional Incremental Revolving Loans. Amounts repaid in respect of Term Loans, Incremental Term Loans or Additional Incremental Term Loans may not be reborrowed.

SECTION 2.2. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing, Term Borrowing, Additional Incremental Revolving Borrowing, Additional Incremental Term Borrowing and Incremental Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an

integral multiple of $1,000,000 and not less than $10,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement. At the time that each ABR Borrowing is made, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement; provided that (i) an ABR Revolving Borrowing or ABR Additional Incremental Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or Additional Incremental Revolving Commitments of the applicable Class, as the case may be, (ii) an ABR Revolving Borrowing may be in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) and (iii) an ABR Term Borrowing, ABR Incremental Term Borrowing or ABR Additional Incremental Term Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Term Commitments, Incremental Term Commitments, Additional Incremental Term Commitments of the applicable Class, as the case may be. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, the Term Maturity Date, the Incremental Tranche A Maturity Date or the maturity date set forth in the applicable Additional Incremental Facility Agreement, as applicable.

SECTION 2.3. Requests for Borrowings. To request a Borrowing (other than a Swingline Borrowing), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request

shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit B hereto and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Term Borrowing, Incremental Tranche A Term Borrowing, Additional Incremental Revolving Borrowing or Additional Incremental Term Borrowing and, in the case of Additional Incremental Revolving Borrowings and Additional Incremental Term Borrowings, the Additional Incremental Facility under which such Borrowing is to be made;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lenders each agree to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans of either Swingline Lender exceeding $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that neither Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, Dallas, Texas time, on the day of a proposed Swingline Loan and shall advise the Administrative Agent as to which Swingline Lender the Borrower desires to provide such Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender indicated by the Borrower in such notice of any such notice received from the Borrower. The applicable Swingline Lender shall make such Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with such Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The applicable Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan made by such Swingline Lender after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments

pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank from whom the Borrower is requesting such Letter of Credit and to the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $350,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), provided that a Letter of Credit may include customary "evergreen" provisions and (ii) the date that is five Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants

to each Revolving Lender, and each Revolving Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:30 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 9:30 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Lenders have

made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the applicable Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor either Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), each Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor, to any other Issuing Bank or to any previous Issuing Bank, or to such successor, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of

the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(h) or 7.01(i). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.6. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Dallas, Texas and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent,

then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.7. Interest Elections. (a) Each Revolving Borrowing, Additional Incremental Revolving Borrowing, Term Borrowing, Incremental Term Borrowing and Additional Incremental Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of a Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(f):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.8. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Commitments shall terminate on the Term Commitment Termination Date, (ii) the Revolving Commitments shall terminate on the Revolving Maturity Date, (iii) the Incremental Tranche A Commitments shall terminate on the Incremental Tranche A Commitment Termination Date and (iv) the Additional Incremental Commitments of any Class shall terminate on the date set forth in the applicable Additional Incremental Facility Agreement.

(b) Subject to adjustment pursuant to Section 2.08(h), the Revolving Commitments outstanding on the Revolving Commitment Reduction Date shall be

automatically and permanently reduced in 12 consecutive installments on the last day of each fiscal quarter (except with respect to the final reduction, which shall be on the Revolving Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Revolving Commitments outstanding on the Revolving Commitment Reduction Date) set forth opposite such quarterly scheduled reduction date (or the Revolving Maturity Date) below; provided that the final installment shall reduce the remaining outstanding Revolving Commitments to zero on the Revolving Maturity Date and the payment made in respect thereof shall equal the sum of (x) the then aggregate unpaid principal amount of all Revolving Loans plus (y) all other unpaid amounts owing in respect of Revolving Loans, which payment shall be due and payable not later than the Revolving Maturity Date:

Scheduled Reduction Date	Commitment Reduction
4th Quarter 2002	5.00%
1st Quarter 2003	5.00%
2nd Quarter 2003	5.00%
3rd Quarter 2003	5.00%
4th Quarter 2003	7.50%
1st Quarter 2004	7.50%
2nd Quarter 2004	7.50%
3rd Quarter 2004	7.50%
4th Quarter 2004	12.50%
1st Quarter 2005	12.50%
2nd Quarter 2005	12.50%
Revolving Maturity Date	12.50%

(c) Subject to adjustment pursuant to Section 2.08(h), the Additional Incremental Revolving Commitments of any Class shall be automatically and permanently reduced on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments and (iii) the Borrower shall not terminate or reduce the Additional Incremental Revolving Commitments of any Class if, after giving effect to any concurrent prepayment of Additional Incremental Revolving Loans of such Class in accordance with

Section 2.11, the aggregate principal amount of outstanding Additional Incremental Revolving Loans of such Class would exceed the total Additional Incremental Revolving Commitments of such Class.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(d) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments or the Additional Incremental Revolving Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(f) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.08(f) and in Section 2.11(b). In such event, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall, on the third Business Day after such Net Proceeds are received, be automatically and permanently reduced in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any reduction would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Reduction Portion in respect of such Prepayment Event; provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no reduction shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so

applied by the end of such period, at which time a reduction shall be required in accordance with this paragraph (f).

(g) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall be automatically and permanently reduced in an aggregate amount equal to the product of 50% of Excess Cash Flow for such fiscal year and the Reduction Portion in respect of such Excess Cash Flow; provided that if, on the date on which any reduction would otherwise be made pursuant to this Section 2.08(g), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such reduction shall be required pursuant to this Section 2.08(g). Each reduction pursuant to this paragraph shall be made on the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(h) Any reduction of the Revolving Commitments, other than a reduction pursuant to Section 2.08(a) or 2.08(b) above, shall be applied to reduce the subsequent scheduled reductions of Revolving Commitments to be made pursuant to Section 2.08(a) or 2.08(b) above in reverse chronological order. Any reduction of the Additional Incremental Revolving Commitments of any Class, other than a reduction pursuant to Section 2.08(a) or 2.08(c) above, shall be applied to reduce the subsequent scheduled reductions of Additional Incremental Revolving Commitments of such Class to be made pursuant to Section 2.08(a) or 2.08(c) as set forth in the applicable Additional Incremental Facility Agreement.

SECTION 2.9. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, (iii) to the Administrative Agent for the account of each applicable Incremental Lender the then unpaid principal amount of each Incremental Tranche A Term Loan of such Incremental Lender as set forth in Section 2.10, (iv) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Additional Incremental Loan of any Class of such Lender as set forth in the applicable Additional Incremental Facility Agreement and (v) to each Swingline Lender the then unpaid principal amount of each Swingline Loan made by it on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) and 2.09(c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) No promissory notes evidencing Loans hereunder will be issued unless a Lender requests that a promissory note be issued to it to evidence its Loans of any Class. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans and Incremental Term Loans. (a) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Term Borrowings outstanding on the Term Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Term Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Term Loans outstanding on the Term Commitment Termination Date) set forth opposite such quarterly installment date (or the Term Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Term Loans plus (y) all other unpaid amounts owing in respect of Term Loans and shall be due and payable not later than the Term Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Term Maturity Date	7.50%

(b) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Incremental Tranche A Borrowings outstanding on the Incremental Tranche A Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Incremental Tranche A Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Incremental Tranche A Term Loans outstanding on the Incremental Tranche A Commitment Termination Date) set forth opposite such quarterly installment date (or the Incremental Tranche A Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Incremental Tranche A Term Loans plus (y) all other unpaid amounts owing in respect of the Incremental Tranche A Term Loans, and shall be due and payable not later than the Incremental Tranche A Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%

Payment Date	Amount
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Incremental Tranche A Maturity Date	7.50%

(c) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Additional Incremental Term Borrowings of any Class on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Maturity Date, all Revolving Loans shall be due and payable on the Revolving Maturity Date, all Incremental Tranche A Term Loans shall be due and payable on the Incremental Tranche A Maturity Date and all Additional Incremental Loans of any Class shall be due and payable on the final maturity date set forth in the applicable Additional Incremental Facility Agreement.

(e) Any prepayment of a Term Borrowing or an Incremental Term Borrowing shall be applied to reduce the subsequent scheduled repayments of Term Borrowings or Incremental Term Borrowings, respectively to be made pursuant to this Section in reverse chronological order. Any prepayment of an Additional Incremental Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayment of Additional Incremental Term Borrowings of such Class to be made pursuant to this Section as set forth in the applicable Additional Incremental Facility Agreement.

(f) Prior to any repayment of any Term Borrowings or Incremental Term Borrowings hereunder or any Additional Incremental Term Borrowings of any Class, the Borrower shall select the Borrowing or Borrowings of such Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., Dallas, Texas time, three Business Days before the scheduled date of such repayment; provided that each repayment of Term Borrowings or Incremental Term Borrowings or any Additional Incremental Term Borrowings of any Class shall be applied to repay any outstanding ABR Term Borrowings or ABR

Incremental Term Borrowings or ABR Additional Incremental Term Borrowings of such Class before any other Borrowings of such Class. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings, Incremental Term Borrowings and Additional Incremental Term Borrowings shall be accompanied by accrued interest on the amount repaid.

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section. All prepayments shall be made without premium or penalty other than, to the extent applicable, amounts payable under Section 2.16.

(b) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings, and if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.11(b) and in Section 2.08(f). In such event, the Borrower shall, within three Business Days after such Net Proceeds are received, prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any prepayment would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Prepayment Portion in respect of such Prepayment Event (such product, the "Prepayment Amount"); provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a prepayment shall be required in accordance with this paragraph (b).

(c) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Borrower shall prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of (i) 50% of Excess Cash Flow for such fiscal

year and (ii) the Prepayment Portion in respect of such Excess Cash Flow (such product, the "Excess Cash Flow Prepayment Amount"); provided that if, on the date on which any prepayment would otherwise be made pursuant to this Section 2.11(c), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such prepayment shall be required pursuant to this Section 2.11(c). Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(d) If, on any date, the aggregate Revolving Exposures of all Lenders exceeds the aggregate Revolving Commitments of all Lenders, or the aggregate principal amount of the Additional Incremental Revolving Loans of any Class of all Lenders exceeds the aggregate Additional Incremental Revolving Commitments of such Class of all Lenders, the Borrower shall immediately prepay Revolving Loans or Additional Incremental Revolving Loans of such Class, as the case may be (and, to the extent that any such excess remains after all Revolving Loans have been prepaid, deposit cash collateral with the Administrative Agent to secure outstanding LC Exposure), in an amount equal to such excess.

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(f); provided that each prepayment of Borrowings of any Class shall be applied to prepay ABR Borrowings of such Class before any other Borrowings of such Class.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments or any Additional Incremental Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be

permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent (i) in the case of Revolving Commitments and Term Commitments for the account of each Lender fees for each day during the period from and including the Effective Date to but excluding the date on which such Commitment terminates at a rate equal to the applicable Commitment Fee Rate for such day, (ii) in the case of Incremental Tranche A Commitments for the account of each Incremental Tranche A Lender fees for each day during the period from and including the Amendment No. 5 Effective Date but excluding the Incremental Tranche A Commitment Termination Date at a rate equal to the applicable Commitment Fee Rate for such day and (iii) in the case of any Additional Incremental Facility Commitment, the rate set forth in the applicable Additional Incremental Facility Agreement for such day, in each case on the unused amount of each Commitment of such Lender on such day (collectively, the "COMMITMENT FEES"). Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the applicable Commitments terminate, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit for each day during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, which fee shall accrue at a rate equal to the Applicable Margin on Eurodollar Revolving Loans for such day on the amount of such Lender's LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) and (ii) to the applicable Issuing Bank a fronting fee in respect of Letters of Credit issued by such Issuing Bank for each day during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure in respect of Letters of Credit issued by such Issuing Bank, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the amount of the LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of Letters of Credit issued by such Issuing Bank, as well as the Issuing Bank's standard

fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of Commitment Fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus (i) in the case of any ABR Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility (including each Swingline Loan), the ABR Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any ABR Borrowing under any Additional Incremental Facility, the Applicable Margin for ABR Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus (i) in the case of any Eurodollar Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility, the Eurodollar Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any Eurodollar Borrowing under any Additional Incremental Facility, the Applicable Margin for Eurodollar Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case

of overdue principal of any ABR Loan under the Revolving Facility, the Term Facility or the Incremental Facility, 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (ii) in the case of overdue principal of any Eurodollar Loan under the Revolving Facility, the Term Facility or the Incremental Facility, the higher of (x) 2% plus the highest Applicable Margin for Eurodollar Loans plus the Adjusted LIBO Rate applicable to such Eurodollar Loan on the day before payment was due and (y) the sum of 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (iii) in the case of overdue principal of or overdue interest on any Additional Incremental Loan of any Class, the rate set forth in the applicable Additional Incremental Facility Agreement and (iv) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in Section 2.13(a).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to Section 2.13(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the

Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), Swingline Lender or Issuing Bank; or

(ii) impose on any Lender, Swingline Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost (other than Taxes) to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Swingline Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Swingline Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swingline Lender's or Issuing Bank's capital or on the capital of such Lender's, Swingline Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender or Swingline Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Swingline Lender's or Issuing Bank's policies and the policies of such Lender's, Swingline Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, Swingline Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, Swingline Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.15(a) or 2.15(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender, Swingline Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, Swingline Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender, Swingline Lender or Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender, Swingline Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's, Swingline Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 15 days after the date of receipt of a written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the first payment by the Borrower under this Agreement to such Foreign Lender or Participant and from time to time thereafter as prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or

reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Notwithstanding anything expressed or implied to the contrary in this Agreement or any other Loan Document (including any schedule or exhibit to any of the foregoing), this Section 2.17 (and Section 10.04 insofar as it relates to this Section 2.17) shall constitute the complete and exclusive understanding of the parties in respect of all matters relating to any Taxes (including interest thereon, additions thereto and penalties in connection therewith).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 1:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Dallas, Texas, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day (unless, in the case of payments in respect of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and, in the case of any payment accruing interest, interest thereon shall be payable for the

period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (other than Swingline Loans) or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including without limitation pursuant to Section 2.11) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such

payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank or Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or 2.05(e), 2.06(b), 2.18(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements

and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, (i) as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply or (ii) such Lender elects to withdraw its request.

SECTION 2.20. Additional Incremental Facilities and Commitments. (a) At any time prior to December 31, 2002, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may request, on one or more occasions, by notice to the Administrative Agent and the Incremental Facility Arrangers, that one or more Lenders (and/or one or more other Persons which shall become Lenders as provided in Section 2.20(d) below) provide one or more additional facilities (each, an "Additional Incremental Facility"), each of which shall provide for commitments (the "Additional Incremental Commitments") in an aggregate amount of not less than $100,000,000 and all of which Additional Incremental Facilities shall provide for Additional Incremental Commitments in an aggregate amount not in excess of $500,000,000; provided that no Lender shall have any obligation to provide any Additional Incremental Commitment and any Lender (or any other Person which becomes a Lender pursuant to Section 2.20(d) below) may provide Additional Incremental Commitments without the consent of any other Lender.

(b) The maturity date, scheduled amortization and commitment reductions, mandatory prepayments and commitment reductions, interest rate, minimum borrowings and prepayments, commitment fees and other amounts payable in respect of any Additional Incremental Facility, and certain agent determinations, shall be as set forth in an agreement (an "Additional Incremental Facility Agreement") among the Loan Parties, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and the Lenders and other Persons agreeing to provide Additional Incremental Commitments thereunder; provided that any term Incremental Loans (the "Additional Incremental Term Loans") shall have a Weighted Average Life to Maturity of no less than the Weighted Average Life to Maturity of the Term Loans then outstanding and any revolving Incremental Commitment (the "Additional Incremental Revolving Commitments" and any loans made pursuant thereto, the "Additional Incremental Revolving Loans") shall have a Weighted Average Life to Maturity of not less than the Weighted Average Life to Maturity of the Revolving Commitments then outstanding.

(c) [Intentionally deleted]

(d) The effectiveness of any Additional Incremental Facility to be created under this Section 2.20, and the obligation of any Lender or other Person providing any Additional Incremental Commitment thereunder to make any Additional Incremental Loans pursuant thereto, is subject to, in addition to the conditions set forth in Article 4, the satisfaction of each of the following conditions: each Loan Party, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and each Lender or other Person providing Additional Incremental Commitments thereunder (each, an "Additional Incremental Lender") shall have executed and delivered to the Administrative Agent an Additional Incremental Facility Agreement with respect to such Additional Incremental Facility, (x) the Administrative Agent shall have received, and (y) the Administrative Agent shall have received for the respective accounts of any other agents and the Additional Incremental Lenders, all fees and other amounts payable by the Borrower in respect of such Additional Incremental Facility on or prior to such date of effectiveness and the Administrative Agent (or its counsel) shall have received such documents and certificates, and such legal opinions, as the Administrative Agent and the Incremental Facility Arrangers or their counsel shall reasonably request, including documents, certificates and legal opinions relating to the organization, existence and good standing of each Loan Party, the authorization of such Additional Incremental Facility and other legal matters relating to the Loan Parties or the Loan Documents (including the applicable Additional Incremental Facility Agreement). The Administrative Agent shall notify each Lender as to the effectiveness of each Additional Incremental Facility hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.1. Organization; Powers. Each of Holdings and the Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party,

when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents (if any), (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings or any Restricted Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Holdings or any Restricted Subsidiary or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Holdings or any Restricted Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any Restricted Subsidiary, except Liens created under the Loan Documents (if any).

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders Holdings' consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, reported on by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Holdings has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001, prepared giving effect to (x) the Transactions under the Incremental Facility and the Structured Note Financing and (y) the transactions described in clause (x) and, in addition, the sale of its Williams Communications Solutions business unit, as if such events had occurred on such date or on the first day of such fiscal year, as the case may be. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry, (iii) accurately reflect all adjustments necessary to give effect to the Transactions under the Incremental Facility and the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit, and (iv) present fairly, in all material respects, the pro forma financial position of Holdings and

the Subsidiaries as of such date and for such periods as if the Transactions, the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit had occurred on such date or at the beginning of such period, as the case may be.

(c) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of Holdings or any Restricted Subsidiary has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

(d) The projections delivered to the Lenders on the Amendment No. 5 Effective Date (the "Projections") were based on assumptions believed by the Borrower and Holdings in good faith to be reasonable when made and as of their date represented the Borrower's and Holdings' good faith estimate of future performance of Holdings and the Subsidiaries and of the Borrower and its consolidated subsidiaries.

(e) Since December 31, 2000, there has been no Material Adverse Change.

SECTION 3.5. Properties. (a) Each of Holdings and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties, if any), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Holdings or any Restricted Subsidiary is subject to any Lien other than Permitted Encumbrances, Liens created by the Collateral Documents (if any) and other Liens permitted under Section 6.02.

(b) Each of Holdings and the Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by Holdings, the Borrower or any other Loan Party (other than the Parent) as of the Effective Date after giving effect to the Transactions.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected,

individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.7. Compliance with Laws and Agreements. Each of Holdings and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. Investment and Holding Company Status. Neither Holdings nor any Restricted Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. Taxes. Each of Holdings and the Subsidiaries has timely filed or caused to be filed (or the Parent has filed or caused to be filed) all Tax returns and reports required to have been filed and has paid or caused to be paid (or the Parent has paid or caused to be paid) all Taxes required to have been paid by or with respect to it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting

such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings or any Restricted Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth the name of, and the direct or indirect ownership interest of Holdings or the Borrower in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings and the Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid.

SECTION 3.14. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Holdings or any Restricted Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. The hours worked by and payments made to employees of Holdings and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Holdings or any Restricted Subsidiary, or for which any claim may be made against Holdings or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Holdings or such Restricted Subsidiary. The consummation of the Transactions and the Reorganization has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Holdings or any Restricted Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Holdings or any Restricted Subsidiary is a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

SECTION 3.17. Representations in Loan Documents True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Holdings or any Restricted Subsidiary party thereto contained in any Loan Document is true and correct.

ARTICLE 4

CONDITIONS

SECTION 4.1. Effective Date. [Intentionally deleted]

SECTION 4.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents (excluding Section 3.04(b)) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in Sections 4.02(a), 4.02(b) and 4.03.

SECTION 4.3. First Incremental Borrowing Date with Respect to the Incremental Facility. The obligation of each Incremental Lender to make a Loan on the occasion of the First Incremental Borrowing Date is subject to the satisfaction of the following conditions (in addition to the conditions set forth in Section 4.02):

(a) The Spin-Off shall have been consummated.

(b) The Initial Collateral Date shall have occurred (or shall occur on the date of such Borrowing) and, prior to the making of any Loan on the occasion of such Borrowing, Holdings and the Borrower shall have complied with all of the provisions of Section 5.11A.

(c) The First Incremental Borrowing Date shall be no later than the date that is 180 days after the date of Amendment No. 5 Effective Date.

(d) The Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, from the Financial Officer of each of Holdings and the Borrower, certifying as to compliance of the matters specified in Sections 4.03(a) and 4.03(b).

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. Holdings and the Borrower will furnish to the Administrative Agent and each Lender:

(a) (i) within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement),

setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, (ii) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (iii) within 90 days after the end of each fiscal year of Holdings and the Borrower, (x) supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for the Borrower and Holdings and the consolidating adjustments with respect thereto and (y) segment reporting of EBITDA and Adjusted EBITDA with respect to each business segment of Holdings and the Subsidiaries and the Borrower and its consolidated subsidiaries consistent with the business segments reported on in the Notes Offering Registration Statement;

(b) (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' equity and cash flows of Holdings and the Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of Holdings as presenting fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited consolidated

balance sheets and related statements of operations, stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Section 5.01(a) or 5.01(b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating (x) compliance with Section 6.08 and Sections 6.15 through 6.19, including, if applicable, calculations showing capital contributions made by the Parent pursuant to Section 6.20 and the resulting effects on the Borrower's compliance with Section 6.08 and Sections 6.15 through 6.19 and (y) Additional Capital at such date, including detail as to the sources and uses of Additional Capital since June 30, 1999 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause 5.01(a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable after approval by the Board of Directors of the Parent and in any event not later than 120 days after the commencement of each fiscal year of the Borrower, a consolidated and consolidating budget of Holdings for such fiscal year and a consolidated budget of the Borrower for such fiscal year (including projected consolidated (and, in the case of Holdings, consolidating) balance sheets, related consolidated (and, in the case of Holdings, consolidating) statements of projected operations and cash flow as of the end of and for such fiscal year and segment information with respect to each of Holdings' and the Subsidiaries' and the Borrower's and its consolidated subsidiaries' business segments consistent with the categories of information provided with respect to Holdings' and the Subsidiaries' business segments

in the Notes Offering Registration Statement, together with projected EBITDA and Adjusted EBITDA for such segments) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any Restricted Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of the Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. Upon knowledge thereof, Holdings or the Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks

and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.4. Payment of Obligations. Each of Holdings and the Borrower (i) will, and will cause each other Restricted Subsidiary to, pay its Indebtedness and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such other Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, or permit any other Restricted Subsidiary to breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.6. Insurance. Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.7. Casualty and Condemnation. The Borrower will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any of Holdings' and the Restricted Subsidiaries' property or assets or the commencement of any action or proceeding for the taking of any of Holdings' and the Restricted Subsidiaries' property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding (in each case with a value in excess of $10,000,000) and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are applied, to the extent such Net Proceeds have not been utilized to repair, restore or replace such property or assets or to acquire other Telecommunications Assets within 360 days after such event, to prepay Loans and reduce Commitments as provided in Sections 2.11(b) and 2.08(f), respectively.

SECTION 5.8. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep proper

books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender at the expense of the Administrative Agent or Lender, as the case may be, or, if an Event of Default shall have occurred and be continuing, at the expense of the Borrower, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12.

SECTION 5.9. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each other Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit. (a) The proceeds of Loans will be used (i) for working capital requirements and general corporate purposes of the Borrower and the other Restricted Subsidiaries and (ii) to pay the fees and expenses associated with the Facilities.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11A. Initial Collateral Date. On the Initial Collateral Date, Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to:

(a) Deliver to the Administrative Agent duly executed counterparts of the Security Agreement, together with the following:

> (i) duly executed counterparts of each supplemental agreement required to be executed and delivered by the terms of the Security Agreement (including, without limitation, any Patent Security Agreement, and Trademark Security Agreement and any Control Agreement, in each case as defined in the Security Agreement);
>
> (ii) stock certificates representing any or all of the outstanding shares of capital stock or other Equity Interests of the Borrower and each Restricted Subsidiary and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(iii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(iv) a completed perfection certificate dated the Initial Collateral Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) Deliver to the Administrative Agent a favorable written opinion (addressed to the Agents, the Issuing Banks, the Swingline Lenders and the Lenders and dated the Initial Collateral Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent and the Incremental Facility Arrangers, (ii) the general counsel of Holdings and (iii) local counsel in the jurisdictions where the Borrower is incorporated and where its chief executive office is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

SECTION 5.11B. Collateral Event. If a Collateral Event shall have occurred and be continuing, the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may by written notice to the Borrower (a "Collateral Notice"), request, and Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to, within 30 days of the Borrowers' receipt of such Collateral Notice (such thirtieth day, a "Collateral Establishment Date"):

(a) Subject to subsection (d) of this Section 5.11B, deliver to the Administrative Agent duly executed counterparts of the Security Agreement (to the extent not previously delivered pursuant to Section 5.11A) and each other Collateral Document reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, in form and substance satisfactory to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, signed on behalf of Holdings, the Borrower and each Subsidiary Loan Party requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, together with (to the extent not

previously delivered pursuant to Section 5.11A) such of the following as shall have been so requested:

(i) stock certificates representing any or all of the outstanding shares of capital stock of the Borrower and each other Subsidiary of Holdings owned by or on behalf of any Loan Party as of such Collateral Establishment Date (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66% of the outstanding shares of common stock of such Foreign Subsidiary) and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(ii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents; and

(iii) a completed perfection certificate dated such Collateral Establishment Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) If requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, on or before the thirtieth day following any Collateral Establishment Date or such later day as shall be acceptable to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders (a "Mortgage Establishment Date"), Holdings and the Borrower shall, and shall cause each other Restricted Subsidiary to, deliver to the Administrative Agent (i) counterparts of a Mortgage with respect to each Mortgaged Property as to which such request is made, in each case signed on behalf of the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company, insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Collateral Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, and (iii) such surveys, abstracts and appraisals as may be required pursuant to such Mortgages or as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request.

(c) On or before any Collateral Establishment Date or Mortgage Establishment Date, Holdings and the Borrower shall deliver a favorable written opinion (addressed to the Agents, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and the Lenders and dated on or prior to such Collateral Establishment Date or Mortgage Establishment Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent, (ii) the general counsel of Holdings and (iii) local counsel in each jurisdiction where any Collateral or Mortgaged Property is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

(d) Anything in this Agreement to the contrary notwithstanding, the Liens created under any Collateral Document may also secure, to the extent, but only to the extent, required under the indentures and other documents governing such Indebtedness (without taking into account any general exceptions to any such requirements contained in any such indentures and other documents), equally and ratably with some or all of the Obligations, the obligations of the Parent and Holdings under any public Indebtedness of either of them that, by its terms, requires that such Indebtedness be equally and ratably secured by such Liens.

(e) None of the Borrower, Holdings or any Restricted Subsidiary of Holdings shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.11B, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.12. Information Regarding Collateral. (a) (i) The Borrower will furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at

all times following such change to have a valid, legal and perfected security interest in all the Collateral; and (iii) Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, promptly notify the Administrative Agent if any material portion of the Collateral owned by it is damaged or destroyed.

(b) At the time of the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a), the Borrower shall also deliver to the Administrative Agent a certificate of a Financial Officer or the chief legal officer of the Borrower (i) setting forth the information required pursuant to the perfection certificate or confirming that there has been no change in such information since the date of the perfection certificate most recently delivered or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to Section 5.12 to the extent necessary to protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.13. Additional Subsidiaries. (a) If any additional Subsidiary is formed or acquired, Holdings and the Borrower will notify the Administrative Agent and the Lenders thereof and if such Subsidiary is a Subsidiary Loan Party, (i) cause such Subsidiary, within ten Business Days after such Subsidiary Loan Party is formed or acquired, to become a party to the Subsidiary Guarantee as an additional guarantor thereunder and to the Security Agreement as a "Lien Grantor" thereunder, (ii) deliver all stock certificates representing the capital stock or other Equity Interests of such Subsidiary to the Administrative Agent, together with stock powers and instruments of transfer, endorsed in blank, with respect to such certificates and (iii) take all actions required under the Security Agreement to perfect, register and/or record the Liens granted by it thereunder and the Lien on such capital stock or other Equity Interests or as may be reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders.

(b) If a Collateral Establishment Date has occurred and any Collateral Event is then continuing, such Subsidiary is a Subsidiary Loan Party and the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders so request in writing, Holdings and the Borrower shall (i) within 30 days after such Subsidiary is formed or acquired, cause such Subsidiary to become a party to such Collateral Documents (in addition to the Security Agreement) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall request and promptly take such actions as the Administrative Agent,

the Incremental Facility Arrangers or the Required Lenders shall reasonably request to create and perfect Liens on such of such Subsidiary's assets (in accordance with the standards set forth in Section 5.11B(a)) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request to secure its obligations under the Subsidiary Guarantee, and (ii) within 60 days after such Subsidiary is formed or acquired, cause such Subsidiary to enter into such Mortgage or Mortgages as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request with respect to any or all material real property owned by such Subsidiary to secure some or all of its obligations under the Subsidiary Guarantee and to take such actions (including, without limitation, actions of the type referred to in Section 5.11B(a)) with respect thereto as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request.

(c) None of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.13, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.14. Further Assurances. (a) On any date each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents required to be in effect on such date or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents required to be in effect on such date.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by Holdings, the Borrower or any Subsidiary Loan Party (other than assets constituting Collateral under any Collateral Document that become subject to the Lien of such Collateral Document automatically upon the acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, Holdings and the Borrower will, or will cause the applicable Restricted Subsidiary to, cause such assets to be subjected to a Lien securing some or all of the Obligations, as requested by the Administrative Agent, the Incremental Facility

Arrangers or the Required Lenders, and will take, and cause such Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders to grant and perfect such Liens, including actions described in Section 5.11B, all at the expense of the Loan Parties; provided that, none of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.14, a Lien on any of the following assets: (i) at any time prior to any Collateral Establishment Date, any assets of a type other than a type constituting "Collateral" under the form of Security Agreement set forth on Exhibit K hereto as in effect on the Amendment No. 4 Effective Date, (ii) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (iii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iv) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (iii) or (iv), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.15. Concentration Accounts. At all times after any Collateral Establishment Date and before a Collateral Release Date, Holdings and the Borrower will maintain Holdings' and each Restricted Subsidiary's principal concentration account with one or more Lenders.

SECTION 5.16. [Intentionally deleted]

SECTION 5.17. Sale of Solutions and ATL(a) Not later than September 30, 2001, Holdings and the Borrower shall have sold, or caused to be sold, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions (x) its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date (except for the portion of such unit described in clause (b) below) and (y) all of the capital stock of ATL held by the Borrower, Holdings or any of its Subsidiaries for fair market value and for Net Proceeds in cash in an aggregate amount of at least $700,000,000.

(b) Not later than December 31, 2001, Holdings and the Borrower shall have sold or otherwise disposed of, or caused to be sold or otherwise disposed of, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions, substantially all of the Canadian assets of its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date.

SECTION 5.18. Qualifying Issuances. Not later than December 31, 2001, the Borrower and/or Holdings shall have consummated Qualifying Issuances for Net Proceeds in cash in an aggregate amount of at least $500,000,000; provided that Net Proceeds in cash in an aggregate amount of not more than $350,000,000 shall have resulted from Qualifying Issuances described in clause (ii) or (iii) of the definition thereof.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.1. Indebtedness; Certain Equity Securities. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Holdings under Qualifying Holdings Debt;

(c) Indebtedness of Holdings under the High Yield Notes and refinancings thereof, provided that any Indebtedness issued in any such refinancing shall be on terms no less favorable to Holdings and its Restricted Subsidiaries than the High Yield Notes, shall be in an aggregate principal amount no greater than the High Yield Notes refinanced and shall not require any payment of principal thereof (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date;

(d) ADP Outstandings in an aggregate amount not to exceed $750,000,000 at any time outstanding;

(e) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decrease the Weighted Average Life to Maturity thereof;

(f) Indebtedness of Holdings to any Subsidiary and of any Restricted Subsidiary to any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04;

(g) Guarantees by Holdings of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by Holdings, the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(h) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into a Restricted Subsidiary after the date hereof (provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary) and extensions, renewals or replacements of any such Indebtedness that do not increase the principal amount thereof or result in an earlier maturity date or decreased Weighted Average Life to Maturity thereof;

(i) Indebtedness in respect of performance, surety or appeal bonds and Guarantees incurred or provided in the ordinary course of business securing the performance of contractual, franchise, lease, self-insurance or license obligations and not in connection with an incurrence of Indebtedness;

(j) Indebtedness in respect of customary agreements providing for indemnification, purchase price adjustments after closing or similar obligations in connection with the disposition of any assets (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition); provided that (i) any such disposition is permitted by Section 6.05, (ii) the aggregate principal amount of such Indebtedness does not exceed the gross proceeds actually received by Holdings or any Restricted Subsidiary in connection with such disposition and (iii) to the extent the gross proceeds thereof constitute Net Proceeds hereunder, such Net Proceeds are applied in accordance with Sections 2.08(f) and 2.11(b);

(k) Indebtedness of Holdings and the Restricted Subsidiaries pursuant to Hedging Agreements entered into with Lenders or their affiliates in the ordinary course of business and not for speculative purposes;

(l) [Intentionally deleted];

(m) [Intentionally deleted];

(n) [Intentionally deleted];

(o) other Indebtedness of Holdings or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, not exceeding 15% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time;

(p) Indebtedness of the Borrower consisting of Qualifying Borrower Indebtedness;

(q) Permitted Specified Security Hedging Transactions;

(r) Indebtedness of Holdings or the Borrower incurred pursuant to a Qualifying Issuance; provided that the aggregate Net Proceeds in cash received by Holdings and/or the Borrower from the issuance of such Indebtedness, plus the Net Proceeds in cash from any Sale and Leaseback Transaction constituting a Qualifying Issuance shall not exceed $350,000,000;

(s) Indebtedness with respect to industrial revenue bonds issued for the benefit of the Borrower, Holdings or any Restricted Subsidiary in an aggregate principal or face amount not to exceed $50,000,000;

(t) unsecured Indebtedness of Holdings in an aggregate principal amount not to exceed $100,000,000 incurred prior to the consummation of the Structured Note Financing so long as (i) the proceeds of such Indebtedness are used solely to make the capital contributions described in Section 6.04(u) and (ii) the terms and conditions of any such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof;

(u) unsecured Indebtedness of Holdings owed to the Structured Note Trust in an aggregate principal amount up to $1,500,000,000 in connection with the consummation of the Structured Note Financing, so long as the terms and conditions of such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof; and

(v) on any date on or after the Leverage Target Date, Indebtedness of the Borrower owing to a Receivables Subsidiary under a Permitted Receivables Financing;

provided that, notwithstanding anything in this Agreement to the contrary, the Borrower and the other Restricted Subsidiaries may not Guarantee any Indebtedness of Holdings under (i) the High Yield Notes or (ii) any Qualifying Holdings Debt.

SECTION 6.2. Liens. (a) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents (including, without limitation, Liens securing Indebtedness of Holdings and the Parent created thereunder in accordance with Section 5.11B(d));

(ii) Permitted Encumbrances;

(iii) Liens on any ADP Property securing only ADP Obligations;

(iv) any Lien on any property or asset of Holdings or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of Holdings or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(v) any Lien existing on any property or asset prior to the acquisition thereof by Holdings or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of Holdings or any Restricted Subsidiary and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(vi) Liens in favor of the Borrower or any Subsidiary Loan Party;

(vii) Liens on property of Holdings or any Restricted Subsidiary consisting of, or securing, licenses of such property;

(viii) Liens of a Specified Security securing Permitted Specified Security Hedging Transactions with respect to such Specified Security;

(ix) on any date on or after the Leverage Target Date, Liens created in connection with Permitted Receivables Financings, including, without limitation, Liens on proceeds in any form and bank accounts in which any such proceeds are deposited; provided that, except for the assets transferred pursuant to Permitted Receivables Dispositions made in connection with such Permitted Receivables Financings, no such Lien may extend to any assets of Borrower or any Subsidiary of the Borrower that is not a Receivables Subsidiary; and

(x) other Liens securing Indebtedness at any time outstanding that, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, does not exceed 5% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time.

(b) Notwithstanding anything to the contrary contained herein, Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur,

assume or permit to exist any Lien on any of its assets to secure (i) except in accordance with Section 5.11B(d), any obligations in respect of the High Yield Notes or any refinancing thereof, permitted under Section 6.01(c), or (ii) except in accordance with Section 5.11B(d), any Qualifying Holdings Debt.

SECTION 6.3. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any other Restricted Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than (i) the ownership of all of the outstanding Equity Interests in the Borrower, (ii) the issuance of the High Yield Notes, (iii) issuances of Qualifying Holdings Debt, (iv) issuances of its Equity Interests, (v) the holding of 100% of the Equity Interests of any Unrestricted Subsidiary which is engaged exclusively in the buying, selling and trading of telecommunications services as a commodity on a developing or an established market (a "Trading Subsidiary") and (vi) the holding of Qualifying Borrower Indebtedness permitted under Section 6.01(q) and, with respect to each of the foregoing, activities incidental thereto. Holdings will not own or acquire any assets (other than Qualifying Equity Interests in the Borrower, Qualifying Borrower Indebtedness, Equity Interests in any Trading Subsidiary, cash and Cash Equivalent Investments) or incur any liabilities (other than liabilities under the Loan Documents, liabilities in respect of the High Yield Notes, liabilities in respect of Qualified Holdings Debt permitted hereunder, liabilities in respect of the Structured Note Financing, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

SECTION 6.4. Investments, Loans, Advances, Guarantees and Acquisitions. Holdings will not, and will not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any capital stock, evidences of indebtedness

or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Cash Equivalent Investments;

(b) Investments existing on the date hereof and set forth on Schedule 6.04;

(c) Investments by Holdings and the Restricted Subsidiaries in Equity Interests in Subsidiaries; provided that, (i) the aggregate amount of Investments by Loan Parties in, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (including, without limitation, any Deemed Subsidiary Investment pursuant to Section 6.14) shall be subject to the proviso to this Section 6.04 and (ii) all Equity Interests acquired or held by Holdings pursuant to this Section 6.04(c) shall be Qualifying Equity Interests in the Borrower or Equity Interests in a Trading Subsidiary;

(d) loans or advances made by Holdings to any Restricted Subsidiary and made by any Restricted Subsidiary to any other Restricted Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the proviso to this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that (i) no Restricted Subsidiary shall Guarantee any High Yield Notes, any Indebtedness of Holdings or the Borrower constituting a Qualifying Issuance or Qualifying Holdings Debt and (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the proviso to this Section 6.04;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) acquisitions by the Borrower of ADP Property for consideration paid on and prior to any date not exceeding Additional Capital as of such date; minus (i) Investments permitted under clause (ii) of the proviso to this Section 6.04 made on or prior to such date and (iii) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date;

(h) Hedging Agreements permitted under Section 6.01(k);

(i) Capital Expenditures made in accordance with Section 6.08;

(j) subject to the proviso to this Section 6.04, Investments in the Telecommunications Business;

(k) subject to the proviso to this Section 6.04, Investments in Existing International Joint Ventures; provided that the acquisition by Holdings or any Restricted Subsidiary of any equity interest in Algar Telecom S.A. (formerly known as Lightel S.A.) owned by the Parent or its subsidiaries (other than Holdings and the Subsidiaries) shall not be permitted under this clause (k) but shall only be permitted under clause (p) of this Section 6.04;

(l) exchanges and substitutions of ADP Property for like property which take place prior to the occurrence of the Completion Date, the Expiration Date, the Termination Date, or an ADP Event of Default, Environmental Trigger or Unwind Event under the Operative Documents;

(m) any Investment by a Restricted Subsidiary in any Person engaged in the Telecommunication Business if such Investment is made in connection with an agreement by such Person to utilize certain of the Borrower's or the Subsidiary Loan Parties' Telecommunications Business, provided that, at any date, (i) the aggregate amount of Investments made in all such Persons at any time outstanding pursuant to this paragraph (m) (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of such Person, but net of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment) shall not exceed 15% of Consolidated Assets at such time and (ii) the aggregate amount of such Investments made in all such Persons with cash or Cash Equivalent Investments that are at any time outstanding pursuant to this paragraph (m) shall not exceed 5% of Consolidated Assets;

(n) (i) loans to directors, officers and employees of Holdings or any Restricted Subsidiary all of the proceeds of which are used (A) to pay relocation expenses of any such director, officer or employee or (B) to purchase Equity Interests in Holdings pursuant to and in accordance with stock option plans or other benefit plans for directors, officers and employees of Holdings and its Restricted Subsidiaries, provided that, in the case of any of the Loans referred to in this subclause (B), any proceeds to Holdings of any such purchases of Equity Interests shall be contributed to the Borrower and (ii) other loans to directors, officers and employees of Holdings and its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(o) trade accounts receivable for goods sold or services provided arising in the ordinary course of business and on customary payment terms (not to exceed 120 days after the date such receivables are accrued in accordance with GAAP);

(p) Investments for which the consideration paid by Holdings and its Restricted Subsidiaries consists exclusively of Qualifying Equity Interests in Holdings;

(q) Investments made in any Person (a "REINVESTMENT PERSON") in whom the Borrower or any of its Subsidiaries has, or at any time after the Closing Date had, an Investment permitted under clause (b), (f) or (p) above or this clause (q) (an "ORIGINAL INVESTMENT"); provided that the aggregate amount of Investments in any Reinvestment Person permitted under this clause (q) may not exceed the aggregate amount of the cash proceeds received, within 270 days prior to the making of such Investment, by the Borrower and its Subsidiaries from sales or other dispositions of, or distributions with respect to Original Investments in such Reinvestment Person;

(r) Permitted Specified Security Hedging Transactions; and

(s) Investments in Persons that become Subsidiary Loan Parties if such Persons, prior to such Investments, were engaged principally in the transmission of voice, video or data through or over owned or leased fiber optic cable and/or the holding, developing or constructing of assets or technology used therein;

(t) Letters of Credit to support obligations of a Trading Subsidiary incurred in the ordinary course of business; and

(u) capital contributions made by Holdings to the Borrower and by the Borrower to the Structured Note Trust, in each case in an aggregate principal amount not to exceed $100,000,000 and in order to consummate the Structured Note Financing;

(v) Investments in Receivables Subsidiaries made in connection with Permitted Receivables Financings;

provided that the aggregate amount of all Investments (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of the Person in which such Investment is held), but net, in case of each such Investment (but not below zero), of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment and any proceeds received upon any disposition (other than a disposition to Holdings or any of its Subsidiaries or the Parent or any of its Subsidiaries) of such Investment, made pursuant to Sections 6.04(j) and 6.04(k) on or prior to any date, or referred to in Section 6.04(c)(i), the proviso to Section 6.04(d) and Section 6.04(e)(ii) and made on or prior to such date, shall not exceed the sum of an amount (which amount, for purposes of this proviso only, shall not be less than zero) equal to (x) the amount of Additional Capital as of such date minus (y) (A) acquisitions of ADP Property permitted under Section 6.04(g) made on or prior to such date and (B) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date.

SECTION 6.5. Asset Sales. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any

asset, including any Equity Interests owned by it, nor will Holdings permit any of its Restricted Subsidiaries to issue any additional Equity Interests, except:

(a) sales, transfers, leases or other dispositions of fiber optic cable capacity, sales of inventory, and sales of used or surplus equipment and Cash Equivalent Investments, in each case in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) issuances to the Borrower or any other Restricted Subsidiary of Equity Interests in any Restricted Subsidiary other than the Borrower;

(d) issuances to Holdings by the Borrower of Qualifying Equity Interests in the Borrower;

(e) Permitted Telecommunications Asset Dispositions;

(f) sales, transfers and dispositions of assets to the extent constituting Investments permitted under Section 6.04;

(g) Restricted Payments permitted under Section 6.07(a) and payments of principal and interest permitted under Section 6.07(b);

(h) the sale, transfer or other dispositions required by Section 5.17 or 5.18;

(i) any transfer of Receivables and Related Transferred Rights (each as defined in the Security Agreement attached hereto as Exhibit K) in order to consummate a Permitted Receivables Transaction or to transfer such assets pursuant to a factoring arrangement; and

(j) sales, transfers and dispositions of assets (other than Telecommunications Assets) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this Section 6.05(j) shall not exceed $25,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under Sections 6.05(e) and 6.05(j) shall be made (x) for fair value and (y) only if at least 75% of the consideration paid therefor is cash or Cash Equivalent Investments (or, if less than 75%, the remainder of such consideration consists of Telecommunications Assets).

SECTION 6.6. Sale and Leaseback Transactions. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, enter into any arrangement,

directly or indirectly, whereby it shall (a) sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred or (b) lease any property, real or personal, from any entity substantially all of whose activities consist of acquiring, constructing or developing property to be leased to Holdings and the Restricted Subsidiaries pursuant to leases intended to cover, and measured by the cost of or the financing incurred by such entity to finance, such property (the transactions referred to in clause (a) and (b) being collectively referred to as "Sale and Leaseback Transactions"), except for (i) sales and leases of ADP Property pursuant to the ADP in respect of ADP Outstandings not to exceed $750,000,000 at any time outstanding and (ii) (x) any such sale referred to in clause (a) above of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 270 days after the Borrower or such other Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (y) any such lease referred to in clause (b) above providing for rental payments measured by the cost of the property leased or the financing incurred by the lessor thereof to acquire, construct or develop the property so leased; provided that the sum of the aggregate amount of Attributable Debt in respect of all such Sale and Leaseback Transactions permitted under this clause (ii) at any time outstanding (other than any such Attributable Debt with respect to any Sale and Leaseback Transaction constituting a Qualifying Issuance) and the aggregate amount of Indebtedness secured by Liens permitted by Section 6.02(a)(viii) at such time outstanding shall not exceed 5% of consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time. For purposes of determining compliance with the proviso set forth in the immediately preceding sentence, Capital Lease Obligations shall not in any event be included in the calculation of "Attributable Debt."

SECTION 6.7. Restricted Payments; Certain Payments of Indebtedness. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or enter into any transaction the economic effect of which is substantially similar to any Restricted Payment, except (i) Holdings and the Borrower may declare and pay dividends with respect to their capital stock payable solely in additional shares of their respective common stock, (ii) Restricted Subsidiaries (other than the Borrower) may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $3,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Holdings and the Restricted Subsidiaries; (iv) so long as no Default shall have occurred and be continuing or result from the making of such payment, the Borrower may pay dividends to Holdings at such times and in such amounts as shall be necessary to permit Holdings to discharge, to the extent permitted hereunder, its permitted liabilities; (v) on and after the Leverage Target Date, Holdings may declare and pay dividends in cash with respect to its convertible preferred stock outstanding as of the Amendment No. 4 Effective Date in an amount not exceeding

$40,000,000 in any fiscal year and the Borrower may declare and pay dividends to Holdings to permit Holdings to declare and pay such dividends and (vi) at any time after the consummation of the Structured Note Financing, the Borrower may declare and pay a dividend to Holdings so long as (x) the aggregate amount of such dividend shall not exceed the principal amount of the Structured Note Bridge Indebtedness outstanding at the time such dividend is paid plus accrued interest thereon, (y) no Default has occurred and is continuing or would result therefrom and (z) immediately upon receipt thereof, Holdings shall apply all of the proceeds of such dividend to repay in full the Structured Note Bridge Indebtedness then outstanding.

(b) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, make, directly or indirectly, any voluntary payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any High Yield Notes, any Qualifying Holdings Debt or any Qualifying Borrower Indebtedness (collectively "Specified Indebtedness"), or any voluntary payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Specified Indebtedness (or enter into any transaction the economic effect of which is substantially similar to any of the foregoing), except, provided no Default has occurred and is continuing or would result therefrom, payments of regularly scheduled interest as and when due in respect of any Specified Indebtedness other than Qualifying Borrower Indebtedness.

SECTION 6.8. Limitation on Capital Expenditures. (a) Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) for any fiscal year set forth below shall not exceed the amount set forth below opposite such fiscal year:

FISCAL YEAR	AMOUNT
2001	$2,750,000,000
2002	$2,500,000,000
2003	$2,250,000,000
2004	$2,250,000,000
2005	$2,250,000,000
2006 and each fiscal year thereafter	$2,800,000,000

provided that if the aggregate amount of Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) actually made in any such period or fiscal year shall be less than the limit with respect thereto set forth above (before giving effect to any increase therein pursuant to this proviso) (the "Base Amount"), then an amount equal to 50% of such shortfall may be added to the amount of such Capital Expenditures permitted for the immediately succeeding fiscal year (such amount to be added for any fiscal year, the "Rollover Amount"); provided further that any Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) made during any fiscal year for which any Rollover Amount shall have been so added

shall be applied, first, to the Rollover Amount added for such fiscal year and, second, to the Base Amount for such fiscal year.

(b) In addition to Capital Expenditures permitted under Section 6.08(a) above, Holdings and the Restricted Subsidiaries may make (i) Capital Expenditures consisting of acquisitions of ADP Property permitted under Section 6.04(g) or 6.04(l) and (ii) Capital Expenditures on any date after the Amendment No. 4 Effective Date in an aggregate amount not to exceed Additional Capital as of such date minus (A) Investments permitted under clause (ii) of the proviso to Section 6.04 made on or prior to such date and (B) purchases of ADP Property permitted under Section 6.04(g) made on or prior to such date.

SECTION 6.9. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their respective Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to Holdings, the Borrower or such other Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.07 and (d) transactions required to be effected pursuant to, and on terms provided for in, existing agreements (as in effect on the date hereof) listed in Schedule 6.09 hereto.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, the High Yield Notes or, to the extent that any such restrictions therein, taken as a whole, are no more restrictive than those contained in the High Yield Notes, any Qualifying Holdings Debt, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.10(a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness

and (v) Section 6.10(a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Fiscal Year. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, change its fiscal year from a fiscal year ending December 31.

SECTION 6.12. Change in Business. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, engage in any material line of business other than the Telecommunications Business.

SECTION 6.13. Amendment of Material Documents. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, without the prior written consent of the Required Lenders, consent to any amendment, modification or waiver of (a) its certificate of incorporation, by-laws or other organizational documents (except for the filing of a Certificate of Designation with the Secretary of State of Delaware relating to the issuance of preferred securities that are Qualifying Equity Interests of such Person, to the extent provided for in its certificate of incorporation, by-laws or other organizational documents), (b) the Other Financing Documents, (c) any agreements governing any Qualifying Holdings Debt, (d) the Parent Indemnity or (e) the Operative Documents, in each of the foregoing cases if such amendment, modification of waiver could reasonably be expected to have (i) an adverse effect on the ability of any Loan Party to perform any of its obligations under any Loan Document or the rights of, or benefits available to, the Lenders under any Loan Document or (ii) a Material Adverse Effect.

SECTION 6.14. Designation of Unrestricted Subsidiaries. Holdings and the Borrower will not designate any Restricted Subsidiary (other than a newly created Subsidiary in which no Investment has previously been made) as an Unrestricted Subsidiary (a "Subsidiary Designation") unless:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Subsidiary Designation;

(ii) after giving effect to such Subsidiary Designation, Holdings would be in compliance with the covenants contained in Section 6.08 and Sections 6.15 through 6.19 on a pro forma basis as if such Subsidiary Designation had been made on the first day of the period of four fiscal quarters most recently ended in respect of which financial statements have been delivered by the Company pursuant to Section 5.01(a) or 5.01(b);

(iii) Holdings has delivered to the Administrative Agent (x) written notice of such Subsidiary Designation and (y) a certificate of a Financial Officer setting forth in reasonable detail calculations demonstrating pro forma compliance with the financial covenants contained in Section 6.08 and Sections 6.15 through 6.19, as required by clause (ii) above; and

(iv) on the date of such Subsidiary Designation, Holdings and the Borrower would not be prohibited by Section 6.04(c) and the proviso to Section 6.04 from making an Investment (a "Deemed Subsidiary Investment") in an aggregate amount equal to the fair market value (valued at the date of such Subsidiary Designation) of (x) the net assets of such Restricted Subsidiary or (y) if less than 100% of the Equity Interests in such Restricted Subsidiary are held by Holdings and its Restricted Subsidiaries, in an aggregate amount equal to the percentage interest of Holdings and the Restricted Subsidiaries in such net assets.

Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to (x) Guarantee any Indebtedness of any Unrestricted Subsidiary, (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any other Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause such Indebtedness or the payment thereof to be accelerated, payable or subject to repurchase prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Indebtedness that is Indebtedness of an Unrestricted Subsidiary, except in the case of clause (x) or (y) to the extent permitted under Section 6.01 and Section 6.04 hereof. In no event may the Borrower be designated as an Unrestricted Subsidiary.

SECTION 6.15. Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital Ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

SECTION 6.16. Minimum EBITDA. The amount equal to (i) EBITDA for the period of four fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

SECTION 6.17. Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

SECTION 6.18. Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

SECTION 6.19. Interest Coverage Ratio. The Interest Coverage Ratio for any period of four consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

SECTION 6.20. Financial Covenant Non-Compliance Cure. (a) At any time prior to the consummation of the Spin-Off, in the event that Holdings and the Restricted Subsidiaries fail to comply with any of Sections 6.15 through 6.19, inclusive, for any period or on any date set forth therein, the Parent shall have the right, but not the obligation, to make, within three Business Days of the date upon which financial statements as of the last day of such period are delivered or required to be delivered pursuant to Section 5.01(a) or (b), a cash equity contribution to Holdings in exchange for Qualifying Equity Interests of Holdings (which Holdings shall thereupon contribute to the Borrower, in exchange for Qualifying Equity Interests of the Borrower) to cure such failure.

(b) If such contribution is made to cure a failure to comply with the covenant contained in Section 6.16, such contribution shall be in an amount sufficient, when added to EBITDA for the applicable period, to enable Holdings and the Restricted Subsidiaries to comply with such covenant on a consolidated basis. Upon the making of any such capital contribution to Holdings and to the Borrower in the amount specified above, the amount so contributed (to the extent, but only to the extent, of the shortfall in EBITDA for the applicable period) shall thereafter be deemed to have been EBITDA in the last fiscal quarter of such period for purposes of all calculations in respect of compliance with Section 6.16 thereafter.

(c) If such contribution is made to cure a failure to comply with a covenant contained in Section 6.15, 6.17, 6.18 or 6.19, such contribution shall be in an amount sufficient, when applied to repay or prepay Indebtedness of Holdings and the Restricted Subsidiaries, to enable Holdings and the Restricted Subsidiaries, on a pro forma basis after giving effect to such contribution and application, to comply with such covenant on a consolidated basis.

(d) The right to cure provided in this Section 6.20 may not be exercised in respect of more than two consecutive quarters or more than three times in the aggregate during the term of the Facilities.

ARTICLE 7

EVENTS OF DEFAULT

SECTION 7.1. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.01(a)) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent or any Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.10, 5.11A, 5.11B, 5.13, 5.17, 5.18 or in Article 6, or (i) such failure shall continue unremedied for a period of 30 days after the earlier to occur of (x) knowledge thereof by any Loan Party or (y) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Sections 7.01(a), 7.01(b) or 7.01(d)), and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) knowledge thereof by any Loan Party or (ii) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (subject to any applicable grace period);

(g) any event or condition occurs that results in any Material Indebtedness or Permitted Receivables Financing becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or Permitted Receivables Financing or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Receivables Financing to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.01(g) shall not apply to secured Indebtedness permitted hereunder that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Holdings, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings and the Restricted Subsidiaries in an aggregate amount exceeding $25,000,000 for all periods;

(m) any Lien (if any) purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral having a fair market value in excess of $1,000,000, with the priority required by the applicable Collateral Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) pursuant to a Collateral Release Event;

(n) any Guarantee by Holdings or any Subsidiary Loan Party under any Loan Document shall cease for any reason (other than the merger out of existence of such Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of such Guarantee) to be in full force and effect, or Holdings or any Subsidiary Loan Party shall so assert in writing;

(o) a Change in Control shall occur; and

(p) at any time prior to the consummation of the Spin-Off, the senior unsecured long-term debt of the Parent shall be rated less than BBB- by S&P or less than Baa3 by Moody's;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other

notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in the case of any event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

ARTICLE 8

THE AGENTS

SECTION 8.1. Appointment, Powers, Immunities. (a) Each Lender, Swingline Lender and Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) The institutions serving as Agents hereunder shall have the same rights and powers in their capacities as Lenders, Swingline Lenders or Issuing Banks, as the case may be, as any other Lenders, Swingline Lenders or Issuing Banks and may exercise the same as though they were not Agents, and each such institution and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

(c) The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that an Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (iii) except as expressly set forth in the Loan Documents, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any Subsidiary that is communicated to or obtained by any institution serving as an Agent or any of its affiliates in any capacity.

(d) No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or wilful misconduct.

(e) No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than, in the case of the Administrative Agent, to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.2. Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.3. Delegation to Sub-Agents. Each Agent may perform any and all of its duties and exercise any of its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agents may perform any and all of their duties and exercise rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

SECTION 8.4. Resignation of Agents. Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Agent which shall be a bank organized under the laws of the United States or any State thereof, having (x) an office in any State of the United States and (y) capital, surplus and undivided profits aggregating at least $200,000,000, or an affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights,

powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

SECTION 8.5. Non-reliance on Agents or other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent, any Issuing Bank or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

SECTION 8.6. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents. Notwithstanding anything in this Agreement or any Loan Document to the contrary, the Syndication Agent, the Incremental Facility Arrangers and the Co-Documentation Agents shall have no obligation or responsibility as such hereunder other than, in the case of the Syndication Agent or the Incremental Facility Arrangers, as expressly set forth herein.

ARTICLE 9

HOLDINGS GUARANTEE

SECTION 9.1. The Guarantee. Holdings unconditionally and irrevocably guarantees the full and punctual payment of all present and future indebtedness and other obligations of the Borrower evidenced by or arising under any Loan Document and all present and future indebtedness and other obligations of the Borrower or any other Restricted Subsidiary under any Hedging Agreement permitted under Section 6.01 (a "Specified Hedging Agreement") as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, according to the terms hereof and thereof (including, without limitation, any Post-Petition Interest). If the Borrower or any other Restricted Subsidiary fails punctually to pay any indebtedness or other obligation guaranteed hereby which is due and payable, Holdings unconditionally agrees to cause such payment to be made punctually as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, and as if such payment were made by the Borrower or such other Restricted Subsidiary.

SECTION 9.2. Guarantee Unconditional. The obligations of Holdings under this Article 9 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Loan Party under any Loan Document or Specified Hedging Agreement, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to any Loan Document or Specified Hedging Agreement;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security, or of any guarantee or other liability of any third party, for any obligation of the Borrower or any Loan Party under any Loan Document or Specified Hedging Agreement;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Loan Party or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Loan Party or its assets, or any resulting release or discharge of any obligation of the Borrower or any other Loan Party contained in any Loan Document or Specified Hedging Agreement;

(e) the existence of any claim, set-off or other rights which Holdings may have at any time against the Borrower or any other Loan Party, any Agent, any Issuing Bank, any Lender or any other Person, whether or not arising in connection herewith or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document or Specified Hedging Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by any other Loan Party of any amount payable by it under any Loan Document or Specified Hedging Agreement; or

(g) any other act or omission to act or delay of any kind by any other Loan Party, any Lender or any other Person or any other circumstance that might, but for the provisions of this Section, constitute a legal or equitable discharge of Holdings' obligations under this Article 9.

SECTION 9.3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Holdings' obligations under this Article 9 constitute a continuing guaranty and shall remain in full force and effect until the Commitments shall have been terminated, all Letters of Credit shall have expired or been terminated, all Specified

Hedging Agreements shall have been terminated and all amounts payable under the Loan Documents and the Specified Hedging Agreements shall have been indefeasibly paid in full. If at any time any amount payable by the Borrower under any Loan Document or by the Borrower or any other Restricted Subsidiary under any Specified Hedging Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, Holdings' obligations under this Article 9 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

SECTION 9.4. Waiver. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Restricted Subsidiary or any other Person.

SECTION 9.5. Subrogation. When Holdings makes any payment under this Article 9 with respect to the obligations of the Borrower or any other Restricted Subsidiary, Holdings shall be subrogated to the rights of the payee against the Borrower or such other Restricted Subsidiary with respect to the portion of such obligations paid by Holdings; provided that Holdings shall not enforce any payment by way of subrogation or contribution against the Borrower or any Subsidiary so long as any amount payable under any Loan Document or Specified Hedging Agreement remains unpaid.

SECTION 9.6. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Loan Party under any Loan Document or Specified Hedging Agreement is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party, all such amounts otherwise subject to acceleration under the terms of such Loan Document or Specified Hedging Agreement shall nonetheless be payable by Holdings under this Article 9 forthwith on demand by the Administrative Agent made, in the case of any Loans, at the request of the requisite number of Lenders specified in Section 7.01 hereof or, in the case of obligations under a Specified Hedging Agreement, at the request of the relevant Lender or Lenders or affiliate or affiliates of such Lender or Lenders.

SECTION 9.7. Successors and Assigns. This guarantee is for the benefit of the Lenders, the Hedge Counterparties and their respective successors and assigns. If any Loans, participations in Letters of Credit or Swingline Loans or other amounts payable under the Loan Documents are assigned pursuant to Section 10.04 of the Credit Agreement, or any rights under any Specified Hedging Agreement are assigned pursuant thereto, the rights under this Article 9, to the extent applicable to the indebtedness so assigned, shall be transferred with such indebtedness.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Holdings or the Borrower, to it at Williams Communications Group, Inc., One Williams Center, Suite 2600, Tulsa, Oklahoma 74172, Attention of (other than administrative notices) Scott E. Schubert (Telecopy No. 918-573-6024) or (for administrative notices) Attention of Kerri Lyle (Telecopy No. 918-573-6558);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 901 Main Street, Dallas, Texas 75202, Attention of (other than Borrowing Requests) Pamela Kurtzman, 64th Floor (Telecopy No. (214) 209-9390) or (for Borrowing Requests) Judy Schneidmiller, 14th Floor (Telecopy No. 214-209-2118);

(c) if to Bank of America, as Issuing Bank, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(d) if to Chase, as Issuing Bank, to it at 270 Park Avenue, 37th Floor, New York, New York 10017, Attention of Joe Brusco (Telecopy No. 212-270-4164);

(e) if to Bank of America, as Swingline Lender, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(f) if to Chase, as Swingline Lender, to it at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Winslowe Ogbourne (Telecopy No. 212-552-5700); and

(g) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks, the Swingline

Lenders and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender, any Issuing Bank or any Swingline Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or substantially all of the Subsidiary Loan Parties from their respective Guarantees hereunder under the Subsidiary Guarantee (except as expressly provided herein or therein), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) change any condition set forth in Section 4.03 without the written consent of each Incremental Lender, or (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to, or requirements to make loans by, Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class; provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or any Swingline Lender without the prior written consent of the Administrative Agent, the affected Issuing Bank or the affected Swingline Lender, as the case may be, and (B) any

waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders with Commitments or Loans of any Class or Classes (but not Lenders with Commitments or Loans of any other Class or Classes) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and the requisite percentage in interest of the Lenders with Commitments or Loans of the affected Class or Classes.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers and their respective affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank, any Swingline Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Incremental Facility Arrangers and the Syndication Agent, any Issuing Bank, any Swingline Lender or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings or any Subsidiary, or any Environmental Liability related in any way to Holdings or any Subsidiary, or (iv) any actual or prospective claim, litigation,

investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender under Sections 10.03(a) or 10.03(b), each Lender severally agrees to pay to the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Loans (other than Revolving Loans) and unused Commitments (other than Revolving Commitments) at the time.

(d) To the extent permitted by applicable law, Holdings and the Borrower will not and will not permit any other Restricted Subsidiary to assert, and each hereby waives for itself and on behalf of its subsidiaries, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, each Issuing Bank and each Swingline Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative

Agent, the Issuing Banks, the Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) each of the Borrower (except in the case of an assignment to a Lender or an affiliate of a Lender) and Administrative Agent (except in the case of an assignment to an affiliate of a Lender) (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Banks and the Swingline Lenders) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, after giving effect to such assignment, the amount of the Commitments or Loans of each Class held by each of the assignor Lender and its affiliates and the assignee Lender and its affiliates (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this Section 10.04(b)(iii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (iv) the parties to each assignment (excluding any assignment by a Lender to an affiliate of such Lender) shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, (v) the parties to each assignment by a Lender to an affiliate of such Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,500, (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (vii) the Incremental Facility Arrangers shall be notified by the Administrative Agent of any assignment of the Incremental Facility; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to Section 10.04(d), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a

participation in such rights and obligations in accordance with Section 10.04(e). Each Lender that is an investment fund hereby agrees to notify the Administrative Agent and the Incremental Facility Arrangers of any change of the identity of the investment manager for such fund.

(2) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC that, at the time of such proposed amendment, has an outstanding Loan or Loans to the Borrower. For purposes of Section 10.02 of this Agreement and any other provision of any Loan Document requiring the consent or approval of any Lender, the Granting Lender shall, notwithstanding the funding of any Loans by any SPC, have the sole right to consent to or approve any waiver or amendment of any provision of this Agreement or any other Loan Document or to exercise any other right to consent or to grant approval under any Loan Document.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in any State of the United States, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of

the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank, any Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.04(b) and any written consent to such assignment required by Section 10.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to Section 10.04(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that

would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement

by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank and Swingline Lender and each of their respective affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, Issuing Bank, Swingline Lender or affiliate to or for the credit or the account of the Borrower or Holdings against any and all of the obligations of the Borrower or Holdings, as the case may be, now or hereafter existing under this Agreement held by such Lender, Issuing Bank or Swingline Lender, irrespective of whether or not such Lender, Issuing Bank or Swingline Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, Issuing Bank and Swingline Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender, Issuing Bank or Swingline Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings used herein and the Table of Contents are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' (other than affiliates that are direct competitors of any material business of Holdings and the Restricted Subsidiaries) directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit,

action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (other than a direct competitor of any material business of Holdings and the Restricted Subsidiaries), (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WILLIAMS COMMUNICATIONS, LLC

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

WILLIAMS COMMUNICATIONS GROUP, INC.

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

BANK OF MONTREAL

By /s/ W.T. Calder

Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi

Title: Senior Vice President

SCOTIABANC INC.

By /s/ M. D. Smith

Title: Treasurer

ABN AMRO BANK, N.V.

By /s/

Title:

By /s/

Title:

FLEET NATIONAL BANK

By /s/ Suzanne M. MacKay

Title: Vice President

CIBC INC.

By /s/ Amy V. Kothari

Title: Executive Director

CREDIT SUISSE FIRST BOSTON

By /s/ David L. Sawyer

Title: Vice President

By /s/ Lalita Advani

Title: Assistant Vice President

DEUTSCHE BANK AG
NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH

By /s/ Steve M. Godeke

Title: Director

By /s/ Alexander Richarz

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Jeremy Horn

Title: Authorized Signature

BANK AUSTRIA CREDIT ANSTALT
CORPORATE FINANCE, INC.

By /s/ John T. Murphy

Title: Senior Vice President

By /s/ William W. Hunter

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Brand Hosford

Title: Vice President

IBM CREDIT CORPORATION

By /s/ Thomas S. Curcio

Title: Manager of Credit

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH

By

Name:
Title:

BANK OF OKLAHOMA N.A.

By /s/ Robert D. Mattax

Title: Senior Vice President

BANK ONE, N.A.

By

Name:
Title:

KBC BANK, N.V.

By /s/ Robert Snauffer

Title: First Vice President

By /s/ Eric Raskin

Title: Assistant Vice President

THE FUJI BANK, LIMITED

By /s/ Nobuoki Koike

Title: Vice President & Senior Team Leader

INCREMENTAL TRANCHE A LENDERS:

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By /s/ G. Andrew Keith

Title: Authorized Signatory

CITICORP USA, INC.

By /s/ Caesar W. Wyszomirski

Title: Vice President

MERRILL LYNCH & CO., INC.

By /s/ Merrill Lynch & Co., Inc.

Name: Parker A. Weil
Title: Managing Director

Acknowledged and agreed:

CRITICAL CONNECTIONS, INC.
SBCI - PACIFIC NETWORKS, INC.
WCS COMMUNICATIONS SYSTEMS, INC.
WCS, INC.
WILLIAMS COMMUNICATIONS OF
VIRGINIA, INC.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.L.C.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.P.
WILLIAMS GLOBAL COMMUNICATIONS
HOLDINGS, INC.
WILLIAMS INTERNATIONAL
VENTURES COMPANY
WILLIAMS LEARNING NETWORK, INC.
WILLIAMS LOCAL NETWORK, INC.
WILLIAMS WIRELESS, INC.
WILLIAMS TECHNOLOGY CENTER, LLC
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC

All By:

Title:

SCHEDULE 2.01
COMMITMENTS

REVOLVING AND TERM LENDERS	REVOLVING COMMITMENT	TERM COMMITMENT
Bank of America, N.A.	32,500,000	32,500,000
The Chase Manhattan Bank	50,000,000	50,000,000
Bank of Montreal	42,625,000	42,625,000
The Bank of New York	42,625,000	42,625,000
ABN AMRO Bank N.V.	34,250,000	34,250,000
CIBC Inc.	34,250,000	34,250,000
Credit Lyonnais New York Branch	34,250,000	34,250,000
Credit Suisse First Boston	34,250,000	34,250,000
Deutsche Bank AG New York Branch and/or Cayman Islands Branch	34,250,000	34,250,000
Fleet National Bank	34,250,000	34,250,000
Scotiabanc Inc.	34,250,000	34,250,000
Bank Austria Creditanstalt Corporate Finance, Inc.	17,500,000	17,500,000
First Union National Bank	17,500,000	17,500,000
The Fuji Bank, Limited	17,500,000	17,500,000
IBM Credit Corporation	17,500,000	17,500,000
The Industrial Bank of Japan, Limited New York Branch	17,500,000	17,500,000
Bank of Oklahoma N.A.	10,000,000	10,000,000
Bank One, N.A.	10,000,000	10,000,000
KBC Bank N.V.	10,000,000	10,000,000
Total	525,000,000	525,000,000
GRAND TOTAL		1,050,000,000

INCREMENTAL LENDERS	
Citicorp USA, Inc.	150,000,000
Lehman Commercial Paper, Inc.	150,000,000
Merrill Lynch & Co., Inc.	75,000,000
The Chase Manhattan Bank	40,000,000
Bank of America, N.A.	35,000,000
GRAND TOTAL	450,000,000

EXHIBIT 10(v)

AIRCRAFT DRY LEASE
N358WC

This Aircraft Dry Lease ("Lease") dated as of September 13, 2001 ("Effective Date"), is by and between Williams Communications Aircraft, LLC, a Delaware limited liability company and a wholly owned subsidiary of Williams Aircraft, Inc. ("Lessor") and Williams Communications, LLC, a Delaware limited liability company (the "Lessee").

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor the aircraft described on Schedule "B" attached hereto, together with all engines, equipment, attachments, substitutions, replacements and additions (collectively, the "Aircraft").

1. Certain Definitions: For purposes of this Lease the terms "Additional Charge", "Affiliate", "Change in Control", "Debt", "Encumbrance", "Environmental Laws", "ERISA", "ERISA Event", "GAAP:", "Governmental Authority", "Hazardous Materials", "Material Adverse Affect", "Material Debt", "Notice", "Officer's Certificate", "Overdue Rate", "Permitted Encumbrances", "Person", "Plan", "Prime Rate", "Proceeding", "Transfer", and "WCG" shall have the meanings described for such capitalized terms as contained in the Master Lease dated September 13, 2001, among Williams Headquarters Building Company, Williams Technology Center, LLC, and Williams Communications, LLC. Capitalized terms not otherwise specifically defined in this Lease shall have the meanings described for such capitalized terms as contained in the Credit Agreement dated as of September 8, 1999 (the "Credit Agreement") among Lessee, Bank of America, N.A., The Chase Manhattan Bank and other parties (and capitalized terms contained within such definitions as set forth in the Credit Agreement shall similarly have the meanings described for such capitalized terms therein) with respect to the financial covenants therein. A copy of the Credit Agreement is attached hereto as Exhibit I. Lessee shall provide copies of any amendments or restatements or waivers to the Credit Agreement to Lessor within five (5) days of execution thereof. Such amendments or restatements or waivers shall automatically become a part hereof with respect to the financial covenants.

2. Term and Rent: This Lease is for a term of ten (10) years, beginning September 13, 2001, and ending September 1, 2011. For said term or any portion thereof, Lessee shall pay to Lessor rentals ("Rent") payable in accordance with Schedule "A", of which the first is due October 1, 2001, and the others on a like date of each month thereafter. All Rent shall be paid at Lessor's place of business shown below, or such other place as the Lessor may designate by written notice to the Lessee. All Rent shall be paid without notice or demand and without abatement, deduction or set-off of any amount whatsoever. The operation and use of the Aircraft shall be at the risk of Lessee, and not of Lessor and the obligation of Lessee to pay Rent hereunder shall be unconditional.

2.1 Late Charge; Interest: If any Rent payable to Lessor is not paid when due, Lessee shall pay Lessor on demand, as an Additional Charge, (a) a late charge equal to (i) two percent (2%) of the amount not paid within five (5) days of the date when due plus (b)

if such Rent (including the late charge) is not paid within ten (10) days of the date due, interest thereon at the Overdue Rate from such tenth (10th) day until such Rent (including the late charge and interest) is paid in full.

3. Destruction of Aircraft: If the Aircraft is lost, stolen, totally destroyed, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, the liability of the Lessee to pay Rent therefor may be discharged by paying to Lessor all the Rent due thereon, plus all the Rent to become due thereon less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Lessor shall not be obligated to undertake, by litigation or otherwise, the collection of any claim against any person for loss or damage of the Aircraft. Except as expressly provided in this paragraph, the total or partial destruction of the Aircraft, or total or partial loss of use or possession thereof to Lessee, shall not release or relieve Lessee from the duty to pay the Rent herein provided.

4. No Warranties by Lessor; Compliance with Laws and Insurance: Lessor, not being the manufacturer of the Aircraft, nor manufacturer's agent, makes no warranty or representation, either express or implied, as to the fitness, quality, design, condition, capacity, suitability, merchantability or performance of the Aircraft or of the material or workmanship thereof, or that the Aircraft will satisfy the requirements of any law, rule, specification or contract, it being agreed that the Aircraft is leased "as is" and that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee at its sole risk and expense, Lessee accordingly agrees not to assert any claim whatsoever against the Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against the Lessor for loss of anticipatory profits or consequential, indirect, special or punitive damages. Lessor shall have no obligation to test or service the Aircraft. Lessee agrees, at its own cost and expense, (a) to pay all charges and expenses in connection with the operation of the Aircraft; (b) to comply with all governmental laws, ordinances, regulations, requirements and rules with respect to the use and operation of the Aircraft; and (c) to maintain at all times (i) Aircraft hull insurance, including all-risk ground and flight insurance on the Aircraft for the stated value thereof (not to be less than the full current market value as determined annually by the parties) for the term of this Lease, plus other insurance thereon in amounts and against such risks as Lessor may specify, and deliver each policy to Lessor with a standard long form endorsement attached thereto showing loss payable to Lessor as its interest may appear, and (ii) combined single limit liability insurance covering bodily injury liability, property damage liability and passenger liability for the term of this Lease naming Lessor its parent and affiliates as additional insureds to the full extent of the policies carried, but in no event less than $200,000,000.00 per occurrence. Lessee shall deliver to Lessor evidence of such insurance coverage. All insurance policies must provide that no cancellation or non-renewal thereof shall be effective without 30 days prior written notice to Lessor and all insurance policies shall be in form, terms and amounts and with insurance carriers satisfactory to Lessor.

5. Maintenance. Lessee, at its cost and expense, shall:

5.1 perform or cause to be performed all airworthiness directives, mandatory manufacturer's service bulletins, and all other mandatory service, inspections, repair, maintenance, overhaul and testing: (a) as may be required under applicable Federal Aviation Administration (the "FAA") rules and regulations, (b) in the same manner and with the same care as shall be the case with similar aircraft and engines owned by or operated on behalf of Lessee without discrimination, and (c) so as to keep the Aircraft in as good operating condition as when delivered to the Lessee, ordinary wear and tear excepted, with all systems in good operating condition;

5.2 keep the Aircraft in such condition as is necessary to enable the airworthiness certification of the Aircraft to be maintained at all times under applicable FAA regulations and any other applicable law, including, but not limited to any equipment modifications or installations required by the FAA;

5.3 maintain, in the English language, all records and other materials required by and in a manner acceptable to the FAA and any other governmental entity having jurisdiction over the Aircraft and its operation;

5.4 Lessee shall furnish Lessor reports on an annual basis a list of those service bulletins, airworthiness directives and engineering modifications incorporated on the Aircraft during the preceding calendar year.

6. Taxes: Lessee agrees that, during the term of this Lease, in addition to the Rent and all other amounts provided herein to be paid, it will promptly pay all taxes, assessments and other governmental charges (including penalties and interest, if any, and fees for titling or registration, if required) levied or assessed: (a) upon the interest of the Lessee in the Aircraft or upon the use or operation thereof or on the earnings arising therefrom; and (b) against Lessor on account of its acquisition or ownership of the Aircraft, or the use or operation thereof or the leasing thereof to the Lessee, or the Rent herein provided for, or the earnings arising therefrom, exclusive, however, of any taxes based on net income of Lessor ("Taxes"). Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning the Aircraft with all appropriate governmental agencies, and within not more than 45 days after the due date of such filing to send Lessor confirmation, in form satisfactory to Lessor, of such filing.

6.1 Lease Characterization: Lessor and Lessee agree that the terms of this Lease create an operating lease for federal and state income tax purposes. Consistent with the foregoing, Lessor intends to retain all tax benefits associated with this Lease and Lessee agrees not to take an inconsistent position on its federal or state income tax filings. If any action taken by one party under this Lease causes this Lease to be ultimately determined by any taxing authority not to be an operating lease, that party shall indemnify the other party for any resulting increase in the other party's federal or state income tax liability for any period.

6.2 Permitted Contests: Lessee, on its own or on Lessor's behalf or in Lessor's name, but at Lessee's sole cost and expense, shall have the right to contest, by an appropriate legal proceeding conducted in good faith and with due diligence, the amount or validity of any levy or assessment of Taxes provided (a) prior notice of such contest is given to Lessor, (b) the Aircraft would not be in any danger of being sold, forfeited or attached as a result of such contest, and there is no risk to Lessor of a loss of or interruption in the payment of Rent, (c) in the case of unpaid Taxes, collection thereof is suspended during the pendency of such contest, and (d) compliance may legally be delayed pending such contest. Upon request of Lessor, Lessee shall deposit funds or assure Lessor in some other manner reasonably satisfactory to Lessor that the Taxes, together with interest and penalties, if any, thereon, and any and all costs for which Lessee is responsible will be paid if and when required upon the conclusion of such contest. Lessee shall defend, indemnify and save harmless Lessor from all costs or expenses arising out of or in connection with any such contest, including but not limited to payment of Taxes and attorneys' fees. If at any time Lessor reasonably determines that payment of the Taxes contested by Lessee is necessary in order to prevent loss of the Aircraft or Rent or civil or criminal penalties or other damage, upon such prior notice to Lessee as is reasonable in the circumstances Lessor may pay such amount or take such other action as it may deem necessary to prevent such loss or damage. If reasonably necessary, upon Lessee's written request Lessor, at Lessee's expense, shall cooperate with Lessee in a permitted contest, provided Lessee upon demand reimburses Lessor for Lessor's costs incurred in cooperating with Lessee in such contest.

7. Lessor's Right of Inspection and Identification of Aircraft: All equipment, engines, radios, accessories, instruments and parts now or hereafter used in connection with the Aircraft shall become part of the Aircraft by accession. Lessor warrants that the Aircraft is not registered under the laws of any foreign country. Lessee shall permit Lessor or its designee, on 5 days prior written notice to visit and inspect the Aircraft, its condition, use and operation, and the records maintained in connection therewith, at any reasonable time without interfering with the normal operation of the Aircraft, at Lessor's cost and expense, provided that no Default or Event of Default has occurred and is continuing. Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. Lessor's failure to object to any condition or procedure observed or observed in the course of an inspection hereunder shall not be deemed to waive or modify any of the terms of this Lease with respect to such condition or procedure.

8. Possession and Place of Use: The Aircraft shall be based at the location specified in Schedule "B", and shall not be permanently removed therefrom without Lessor's prior written consent. Lessee shall not, without Lessor's prior written consent, (a) part with possession or control

of the Aircraft, (b) attempt or purport to sell, pledge, mortgage or otherwise encumber the Aircraft or otherwise dispose of or encumber any interest under this Lease, or (c) fly or permit the Aircraft to be flown or located outside the area covered by insurance required by paragraph 3 of this Lease.

9. Lessee's Warranties: Lessee warrants that the Aircraft will be registered under the laws of the United States and will not be registered under the laws of any foreign country; that the Aircraft and/or equipment will not be held, maintained or used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of Aircraft. These warranties are conditions of Lessee's right of possession and use, and delivery is made in reliance thereon.

10. Performance of Obligations of Lessee by Lessor: In the event that Lessee shall fail duly and promptly to perform any of its obligations under the provisions of this Lease, Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Lessor in such performance, together with interest at the Overdue Rate until paid by Lessee to Lessor, shall be payable by Lessee upon demand as additional rent for the Aircraft.

11. Purchase Option: At any time during the term of this Lease, if Lessee has paid in full all rentals owing hereunder and is not in default hereunder, Lessee shall have the option to purchase the Aircraft for an amount equal to the greater of (1) fair market value of the Aircraft or (2) the Termination Value in accordance with Schedule "C" plus accrued interest. Lessee shall give Lessor written notice of its intent to exercise such option not less than 30 days prior to the transfer of the Aircraft to Lessee. Fair market value shall be determined by a mutually agreed upon independent aircraft broker. If the parties cannot agree on the selection of a broker, each party shall designate a broker. Such selected brokers will then select a third broker to appraise the Aircraft. Such third party broker appraisal shall be binding upon the parties.

Lessee shall also have the right to purchase the Aircraft as of October 1, 2006 ("Early Buy-Out Option") for the Termination Value for such date in accordance with Schedule "C" plus accrued interest. Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 11.

12. Put Option: Upon the expiration of the original term of this Lease, Lessor shall have the option to require the Lessee to purchase the Aircraft for an amount equal to the agreed fair market value of the Aircraft as defined in Section 11 hereof. Lessor shall provide Lessee written notice of its intent to exercise such option not less than 30 days prior to the expiration of the original term of this Lease.

Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 12.

13. Default: An event of default ("Event of Default") shall occur if:

(a) Lessee fails to pay or cause to be paid the Rent when due and payable;

(b) Either Lessee or WCG, has a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it, or a court of competent jurisdiction enters an order or decree appointing a receiver of Lessee or WCG or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, any such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C Section 101, et seq);

(c) Lessee or WCG: (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.A. Section 101, et seq);

(d) Lessee or WCG, is liquidated or dissolved, or begins a Proceeding toward liquidation or dissolution, or has filed against it a petition or other Proceeding to cause it to be liquidated or dissolved and the Proceeding is not dismissed within thirty (30) days thereafter, or Lessee in any manner permits the sale or divestiture of substantially all of its assets;

(e) The estate or interest of Lessee in the Aircraft or any part thereof is levied upon or attached in any Proceeding and the same is not vacated or discharged within thirty (30) days thereafter (unless Lessee is in the process of consenting such lien or attachment in good faith);

(f) Any representation or warranty made by Lessee in the Membership Interest Purchase Agreement or in the certificate delivered in connection therewith shall prove to be incorrect in any material respect when made or deemed made, Lessor is materially and adversely affected thereby and Lessee fails within twenty (20) days after Notice from Lessor thereof to cure such condition by terminating such adverse effect and making Lessor whole for any damage suffered therefrom, or, if with due diligence such cure cannot be effected within twenty (20) days, if Lessee has failed to commence to cure the same within the twenty (20) days or failed thereafter to proceed promptly and with due diligence to cure such condition and complete such cure prior to the time that such condition causes a default in any other lease to which Lessee is subject and prior to the time that the same results in civil or criminal penalties to Lessor, Lessee, or any Affiliates of any of such parties or the Aircraft;

(g) A Transfer occurs without the prior written consent of Lessor;

(h) Except as otherwise provided in subsection (m) below, a default occurs under any Material Debt when and as the same become due and payable (subject to any applicable grace period);

(i) Lessee fails to purchase the Aircraft if and as required under this Lease;

(j) Lessee or WCG breaches any of the financial covenants set forth in Section 14 hereof and the breach is not cured within a period of thirty (30) days after the earlier to occur of (i) the Notice thereof from Lessor, or (ii) knowledge thereof by Lessee or WCG;

(k) Lessee fails to observe or perform any other term, covenant or condition of this Lease and the failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor:

(l) Lessee breaches any representation or warranty made by it in this Lease;

(m) An Event of Default as defined in the Credit Agreement, occurs and an acceleration of any of the Loans as defined in the Credit Agreement results;

(n) One or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Lessee or WCG, or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Lessee or WCG to enforce any such judgment;

(o) An ERISA Event shall have occurred that, in the opinion of the Lessor, when taken together with all other ERISA Events that have occurred, could reasonable be expected to result in liability of Lessee or WCG in an aggregate amount exceeding $25,000,000 for all periods;

(p) Lessee fails to maintain the Aircraft in accordance with the terms of this Lease;

(q) A Change in Control shall occur;

(r) Lessee fails to observe or perform any provisions of Section 4 and Section 14.4 regarding insurance; or

(s) Lessee defaults on any other Aircraft Dry Lease dated concurrently herewith.

Upon the occurrence of an Event of Default, Lessor, at Lessor's option, may: (a) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (b) demand that Lessee deliver the Aircraft forthwith to Lessor at Lessee's expense at such place as Lessor may designate; (c) Lessor and/or Lessor's agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Aircraft may be or by Lessor is believed to be, and repossess the Aircraft, using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Aircraft and all claims for injuries suffered through or loss caused by such repossession; (d) terminate this Lease, whereupon Lessee shall, without further demand, as liquidated damages for loss of the bargain and not as a penalty forthwith pay to Lessor any unpaid Rent that accrued on or before the occurrence of the event of default plus an amount equal to the difference between the value, as of the date of the occurrence of such event of default, of the aggregate Rent reserved hereunder for the unexpired term of this Lease and the then value of the aggregate rental value of the Aircraft for such unexpired term which the Lessor reasonably estimates to be obtainable for the use of the Aircraft during such unexpired terms. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of the Aircraft or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees. If any statute governing the proceeding in which damages are to be proved specifies the amount of such claim, Lessor shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The remedies of this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity, and the exercise, or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such remedies. No express or implied waiver by Lessor of any event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent events of default.

14. Covenants: Lessee represents, warrants and covenants that:

14.1 Existence; Conduct of Business. Lessee and WCG each will (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

14.2 Payment of Obligations. Lessee and WCG each (i) will pay its Debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate legal process, (b) has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Encumbrance securing such obligation and

(d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

14.3 Maintenance of Properties. Lessee and WCG each will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

14.4 Insurance. In addition to the insurance required in Section 4, Lessee and WCG each will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. As of the Effective Date, all premiums in respect of all insurance described in the Lease have been paid. Lessee shall deliver an insurance certificate to Lessor as of the Effective Date evidencing all such insurance coverages.

14.5 Casualty and Condemnation. The Lessee will furnish to Lessor prompt written notice of any casualty or other insured damage to any portion of any of Lessor's property or assets or the commencement of any action or Proceeding for the taking of any of Lessor's property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar Proceeding (in each case with a value in excess of $10,000,000).

14.6 Books and Records; Inspection and Audit Rights. Lessee and WCG each will keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Lessee and WCG each will permit any representatives designated by the Lessor at the expense of Lessor, or, if an Event of Default shall have occurred and be continuing, at the expense of the Lessee, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

14.7 Compliance with Laws. Lessee and WCG each will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.8 Further Assurances. At any time and from time to time, Lessee will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Lessor may reasonably request, to effectuate the transactions contemplated by this Lease or to grant, preserve, protect or perfect the Encumbrances created or intended to be created in connection with this Lease or any of the other documents contemplated herein, required to be in effect or the validity or priority of any such Encumbrance, all at the expense of Lessee and Lessor. Lessee and Lessor also agree to provide to Lessor, from time to time upon request, evidence reasonably satisfactory to Lessor as to the perfection and priority of the Encumbrance created or intended to be created in connection with this Lease or any of the other documents contemplated herein.

14.9 Pledge or Encumber Assets. Lessee shall not pledge or otherwise encumber any of its assets, other than leased equipment used in the operation of the Aircraft.

14.10 Encumbrances. Lessee will not create, incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except for any Permitted Encumbrances or Encumbrances created in connection with or specifically contemplated by this Lease or permitted by the Credit Agreement.

14.11 Fundamental Changes. Lessee and WCG each will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing (i) any Person may merge into the Lessee in a transaction in which the Lessee is the surviving entity, provided that any such merger involving a Person that is not a wholly owned by Lessor immediately prior to such merger shall not be permitted, and (ii) any person may merge into the Lessee in a transaction in which the Lessee is the surviving corporation.

14.12 Other Material Agreements. Lessee shall not (i) enter into any other material agreement relating to any portion of the Aircraft, or (ii) if entered into with Lessor's consent, thereafter, amend, modify, renew, replace or otherwise change the terms of any such material agreement without the prior written consent of Lessor.

14.13 Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

14.14 Minimum EBITDA. The amount equal to (i) EBITDA for the period of four (4) fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense

for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1,2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 20, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

14.15 Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2001-December 30, 2001	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

14.16 Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

14.17 Interest Coverage Ratio. The Interest Coverage Ratio for any period of four (4) consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

14.18 Organization; Powers. Lessee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

14.19 Authorization; Enforceability. The execution of and performance under this Lease is within Lessee's' entity powers and has been duly authorized by all necessary member, corporate and, if required, stockholder action as the case may be. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a Proceeding in equity or at law.

14.20 Governmental Approvals; No Conflicts. The Lease or any of the other documents contemplated herein, (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Lessor's rights under this Lease, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Lessee or Lessor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Lessee or Lessor or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Lessee or Lessor, and (d) will not result in the creation or imposition of any Encumbrance on any asset of Lessee or Lessor, except any Encumbrance created by or in accordance with the Lease.

14.21 Material Adverse Change. Since December 31, 2000, there has been no Material Adverse Change.

14.22 Properties. Lessee has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Lessee or Lessor is subject to any Encumbrance other than Permitted Encumbrances, and Encumbrances created by or in connection with this Lease.

14.23 Intellectual Property. Lessee owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Lessee does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.24 Litigation and Environmental Matters. There is no action, suit or Proceeding by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Lessee or Lessor, threatened against or affecting Lessee or WCG (i) as to which there is a reasonable possibility-bility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Lease or any of the other documents contemplated herein.

14.24.1 Environmental Compliance. Except with respect to other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, Lessee (i) has not failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has not become subject to any liability with respect to any Environmental Law, (iii) has not received written notice of any claim with respect to any Environmental Law or (iv) does not know of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any liability under any Environmental Law.

14.25 Compliance with Laws and Agreements. Lessee is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Event of Default has occurred and is continuing.

14.26 Investment and Holding Company Status. Lessee is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

14.27 Taxes. Lessee or WCG has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by or with respect to it, except (a) taxes that are being contested in good faith by an appropriate Proceeding and for which Lessee or Lessor, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

14.28 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

14.29 Disclosure. Lessee has disclosed all agreements, instruments and corporate or other restrictions to which Lessee is subject, and all other matters known to Lessee, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of Lessee in connection with the negotiation of this Lease or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Lessee represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

14.30 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Lessee pending or, to the knowledge of Lessee, threatened. The hours worked by and payments made to employees of Lessee have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Lessee, or for which any claim may be made against Lessee, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Lessee. The execution of this Lease has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Lessee is bound.

14.31 No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Lessee is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

14.32 Representations True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Lessee thereto contained in this Lease or any other documents executed in connection herewith, is true and correct.

15. OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS. Lessee shall furnish or cause to be furnished to one another:

15.1 Fiscal Year Information. (i) within 90 days after the end of each fiscal year of WCG, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of WCG's business segments consistent), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, and (ii) within 90 days after the end of each fiscal year of WCG,

supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for WCG and the consolidating adjustments with respect thereto.

15.2 Quarterly Information. (i) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' or members' equity and cash flow of WCG as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year), all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited balance sheets and related statements of operations, stockholders' or members' equity and cash flow of Lessor as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) all certified by a Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

15.3 Officers Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, an Officer's Certificate of the Lessee (i) certifying as to whether an Event of Default has occurred and, if an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Sections 14.13 through 14.17, and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date referred to in paragraph 14.24 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Officer's Certificate.

15.4 Accounting Firm Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines).

15.5 Budget. As soon as practicable after approval by the Board of Directors of WCG, and in any event not later than 120 days after the commencement of each fiscal year of Lessor, a consolidated and consolidating budget of WCG for such fiscal year and a consolidated budget of WCG for such fiscal year and, promptly when available, any significant revisions of any such budget.

15.6 SEC Filings. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by WCG or any of its Affiliates with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by WCG to its members generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website.

15.7 Other Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Lessee, or compliance with the terms of this Lease or any of the documents contemplated herein.

15.8 Credit Agreement Information. To the extent not previously covered by the provisions of this paragraph, copies of all information provided by Lessee or any Affiliates pursuant to the Credit Agreement, contemporaneously with its delivery pursuant thereto.

16. NOTICES OF MATERIAL EVENTS. Upon knowledge thereof, Lessee will furnish prompt written notice of the following. Each notice delivered under this paragraph shall be accompanied by a statement of an Officer's Certificate, duly executed, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

16.1 Event of Default. The occurrence of any Event of Default.

16.2 Action, Suit or Proceeding. The filing or commencement of any action, suit or Proceeding by or before any arbitrator or Governmental Authority against or affecting Lessee, WCG or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect.

16.3 ERISA Event. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

16.4 Credit Agreement. Any change or modification to the Credit Agreement.

16.5 Other Matters. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

17. Indemnity: Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify and save Lessor, its parent and affiliated companies harmless from and against any and all liability, loss, damage, expense, causes of action, suits, claims or judgments arising from or caused directly or indirectly by (a) Lessee's failure to promptly perform any of its obligations under the provisions of this Lease, (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation of the Aircraft or its location or condition, or (c) inadequacy of the Aircraft for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or

failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that Lessor shall give Lessee written notice of any such claim or demand.

18. Assignments and Notices: Neither this Lease nor Lessee's rights hereunder shall be assignable except with Lessor's written consent; the conditions hereof shall bind any permitted successors and assigns of Lessee. Lessor may assign this Lease without consent of Lessee. Lessee, after receiving notice of any assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignor's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. All notices relating hereto shall be delivered in person to an officer of Lessor or Lessee or shall be mailed to Lessor or Lessee at its respective address herein shown or at any later address last known to the sender.

19. Further Assurances: Lessee shall execute and deliver to Lessor, upon Lessor's request, such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder, including the filing or recording of this Lease at Lessor's option.

20. Counterparts: This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

21. Entire Agreement: There are no oral or written agreements or representations between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee.

22. Governing Law: This Lease is executed and delivered in the State of Oklahoma, and except insofar as the law of another state or jurisdiction may be mandatorily applicable, shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of said State.

23. Truth-in-Leasing Clause: THE AIRCRAFT HAS BEEN MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR THE 12 MONTHS PRECEDING THE DATE OF THIS LEASE. THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. THE LESSEE CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS. AN EXPLANATION OF THE FACTORS BEARING

ON OPERATIONAL CONTROL AND THE PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

LESSOR:	LESSEE:
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC	WILLIAMS COMMUNICATIONS, LLC
By: /s/ Mark W. Husband	By: /s/ Howard S. Kalika
Name: Mark W. Husband	Name: Howard S. Kalika
Title: Assistant Treasurer	Title: Treasurer and Vice President

Signature page to Aircraft Dry Lease (N358WC) by and between Williams Communications Aircraft, LLC and Williams Communications, LLC dated September 13, 2001

SCHEDULE "A"

RENT -N358WC

Rent shall be payable in one hundred and twenty (120) equal successive monthly rental payments in an amount as would be necessary to amortize $17,750,000 on a straight-line basis over a period of one hundred and twenty (120) months plus interest calculated at the Interest Rate as set forth below:

The following definitions shall apply to this SCHEDULE "A":

"ABR", when used herein, refers to interest at a rate determined by reference to the Alternate Base Rate.

"Applicable Margin" means, for any day, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Lessee's Bank Facility Rating set by S&P and Moody's, respectively, applicable on such date plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Lessor in respect of the most recently ended fiscal quarter of WCG, is less than 6:00 to 1:00.

"Eurodollar", when used herein, refers to interest at a rate determined by reference to the Adjusted LIBO Rate.

"LIBO Rate" means, with respect to any Eurodollar Rate, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lessor from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month, as the rate for dollar deposits with a maturity of thirty (30) days. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity of thirty (30) days are offered by the principal London office of the CitiBank, N.A., in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month. IN EITHER CASE, THE APPLICABLE LIBO RATE SHALL BE EFFECTIVE FOR THE CALENDAR MONTH NEXT SUCCEEDING THE CALENDAR MONTH COMMENCING IMMEDIATELY AFTER SUCH DETERMINATION.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"WCG" means Williams Communications Group, Inc., a Delaware corporation, and the parent company of Williams Communications, LLC.

Interest Rate Calculation

At Lessee's option, ABR plus Applicable Margin or LIBO Rate plus Applicable Margin (the "Rate") as determined from time to time by S&P or by Moody's based on Lessee's Facilities Rating in accordance with the grid below:

	Facilities Rating of Lessee	ABR Spread	Eurodollar Spread	Leverage Premium
Level I	BBB- and Baa3 or higher	0.50%	1.50%	.25%
Level II	BB+ and Ba1	0.875%	1.875%	.25%
Level III	BB and Ba2	1.25%	2.25%	.25%
Level IV	BB- and Ba3	1.50%	2.50%	.25%
Level V	Lower than BB- or lower than Ba3	1.75%	2.75%	.25%

For purposes of the foregoing (i) if neither S&P nor Moody's or any replacement or successor facility of similar size shall have in effect a rating for the Facilities, then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not bot S&P or Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P or Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P or Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P or Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P of Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and engine on the date immediately preceding the effective date of the next such change.

SCHEDULE "B"

Cessna model 750 Citation X aircraft with manufacturer's serial number 750-0121 and United States nationality and registration marks N358WC.

Allison model AE3007C aircraft engines with manufacturer's serial numbers CAE330260 and CAE330261.

Such aircraft to be based at Tulsa International Airport, City of Tulsa, Oklahoma, Country of U.S.A.

SCHEDULE "C"

Termination Value

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $17,750,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value Of Depreciation Benefits	(2)+(4) Termination Value
1	10/1/01	133.83%	$147,916.67	$17,750,000.00	$295,833.33	$6,004,572.15	$23,754,572.15
2	11/1/01	131.55%	$147,916.67	$17,602,083.33	$295,833.33	$5,748,769.30	$23,350,852.63
3	12/1/01	129.27%	$147,916.67	$17,454,166.67	$295,833.33	$5,491,261.09	$22,945,427.76
4	1/1/02	126.98%	$147,916.67	$17,306,250.00	$118,333.33	$5,232,036.17	$22,538,286.17
5	2/1/02	125.67%	$147,916.67	$17,158,333.33	$118,333.33	$5,148,583.07	$22,306,916.41
6	3/1/02	124.37%	$147,916.67	$17,010,416.67	$118,333.33	$5,064,573.63	$22,074,990.29
7	4/1/02	123.06%	$147,916.67	$16,862,500.00	$118,333.33	$4,980,004.12	$21,842,504.12
8	5/1/02	121.74%	$147,916.67	$16,714,583.33	$118,333.33	$4,894,870.81	$21,609,454.15
9	6/1/02	120.43%	$147,916.67	$16,566,666.67	$118,333.33	$4,809,169.95	$21,375,836.62
10	7/1/02	119.11%	$147,916.67	$16,418,750.00	$118,333.33	$4,722,897.75	$21,141,647.75
11	8/1/02	117.79%	$147,916.67	$16,270,833.33	$118,333.33	$4,636,050.40	$20,906,883.74
12	9/1/02	116.46%	$147,916.67	$16,122,916.67	$118,333.33	$4,548,624.07	$20,671,540.74
13	10/1/02	115.13%	$147,916.67	$15,975,000.00	$118,333.33	$4,460,614.90	$20,435,614.90
14	11/1/02	113.80%	$147,916.67	$15,827,083.33	$118,333.33	$4,372,019.00	$20,199,102.33
15	12/1/02	112.46%	$147,916.67	$15,679,166.67	$118,333.33	$4,282,832.46	$19,961,999.13
16	1/1/03	111.12%	$147,916.67	$15,531,250.00	$ 71,000.00	$4,193,051.34	$19,724,301.34
17	2/1/03	110.05%	$147,916.67	$15,383,333.33	$ 71,000.00	$4,150,005.02	$19,533,338.35
18	3/1/03	108.97%	$147,916.67	$15,235,416.67	$ 71,000.00	$4,106,671.72	$19,342,088.38
19	4/1/03	107.89%	$147,916.67	$15,087,500.00	$ 71,000.00	$4,063,049.53	$19,150,549.53
20	5/1/03	106.81%	$147,916.67	$14,939,583.33	$ 71,000.00	$4,019,136.53	$18,958,719.86
21	6/1/03	105.73%	$147,916.67	$14,791,666.67	$ 71,000.00	$3,974,930.77	$18,766,597.44
22	7/1/03	104.64%	$147,916.67	$14,643,750.00	$ 71,000.00	$3,930,430.31	$18,574,180.31
23	8/1/03	103.56%	$147,916.67	$14,495,833.33	$ 71,000.00	$3,885,633.18	$18,381,466.51
24	9/1/03	102.47%	$147,916.67	$14,347,916.67	$ 71,000.00	$3,840,537.40	$18,188,454.06
25	10/1/03	101.38%	$147,916.67	$14,200,000.00	$ 71,000.00	$3,795,140.98	$17,995,140.98
26	11/1/03	100.29%	$147,916.67	$14,052,083.33	$ 71,000.00	$3,749,441.92	$17,801,525.25
27	12/1/03	99.20%	$147,916.67	$13,904,166.67	$ 71,000.00	$3,703,438.20	$17,607,604.87
28	1/1/04	98.10%	$147,916.67	$13,756,250.00	$226,135.00	$3,657,127.79	$17,413,377.79
29	2/1/04	96.13%	$147,916.67	$13,608,333.33	$226,135.00	$3,455,373.64	$17,063,706.97
30	3/1/04	94.16%	$147,916.67	$13,460,416.67	$226,135.00	$3,252,274.46	$16,712,691.13
31	4/1/04	92.17%	$147,916.67	$13,312,500.00	$226,135.00	$3,047,821.29	$16,360,321.29
32	5/1/04	90.18%	$147,916.67	$13,164,583.33	$226,135.00	$2,842,005.10	$16,006,588.44
33	6/1/04	88.18%	$147,916.67	$13,016,666.67	$226,135.00	$2,634,816.80	$15,651,483.47
34	7/1/04	86.17%	$147,916.67	$12,868,750.00	$226,135.00	$2,426,247.25	$15,294,997.25
35	8/1/04	84.15%	$147,916.67	$12,720,833.33	$226,135.00	$2,216,287.23	$14,937,120.56
36	9/1/04	82.13%	$147,916.67	$12,572,916.67	$226,135.00	$2,004,927.48	$14,577,844.15
37	10/1/04	80.10%	$147,916.67	$12,425,000.00	$226,135.00	$1,792,158.66	$14,217,158.66
38	11/1/04	78.06%	$147,916.67	$12,277,083.33	$226,135.00	$1,577,971.39	$13,855,054.72
39	12/1/04	76.01%	$147,916.67	$12,129,166.67	$226,135.00	$1,362,356.20	$13,491,522.86

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value Of Depreciation Benefits	(2)+(4) Termination Value
40	1/1/05	73.95%	$147,916.67	$11,981,250.00	$ 68,160.00	$1,145,303.57	$13,126,553.57
41	2/1/05	72.78%	$147,916.67	$11,833,333.33	$ 68,160.00	$1,084,778.93	$12,918,112.26
42	3/1/05	71.60%	$147,916.67	$11,685,416.67	$ 68,160.00	$1,023,850.79	$12,709,267.45
43	4/1/05	70.42%	$147,916.67	$11,537,500.00	$ 68,160.00	$ 962,516.46	$12,500,016.46
44	5/1/05	69.24%	$147,916.67	$11,389,583.33	$ 68,160.00	$ 900,773.23	$12,290,356.57
45	6/1/05	68.06%	$147,916.67	$11,241,666.67	$ 68,160.00	$ 838,618.39	$12,080,285.06
46	7/1/05	66.87%	$147,916.67	$11,093,750.00	$ 68,160.00	$ 776,049.18	$11,869,799.18
47	8/1/05	65.68%	$147,916.67	$10,945,833.33	$ 68,160.00	$ 713,062.84	$11,658,896.17
48	9/1/05	64.49%	$147,916.67	$10,797,916.67	$ 68,160.00	$ 649,656.59	$11,447,573.26
49	10/1/05	63.30%	$147,916.67	$10,650,000.00	$ 68,160.00	$ 585,827.64	$11,235,827.64
50	11/1/05	62.11%	$147,916.67	$10,502,083.33	$ 68,160.00	$ 521,573.15	$11,023,656.49
51	12/1/05	60.91%	$147,916.67	$10,354,166.67	$ 68,160.00	$ 456,890.31	$10,811,056.98
52	1/1/06	59.71%	$147,916.67	$10,206,250.00	$ 34,080.00	$ 391,776.24	$10,598,026.24
53	2/1/06	58.70%	$147,916.67	$10,058,333.33	$ 34,080.00	$ 360,308.09	$10,418,641.42
54	3/1/06	57.68%	$147,916.67	$ 9,910,416.67	$ 34,080.00	$ 328,630.14	$10,239,046.81
55	4/1/06	56.67%	$147,916.67	$ 9,762,500.00	$ 34,080.00	$ 296,741.01	$10,059,241.01
56	5/1/06	55.66%	$147,916.67	$ 9,614,583.33	$ 34,080.00	$ 264,639.28	$ 9,879,222.61
57	6/1/06	54.64%	$147,916.67	$ 9,466,666.67	$ 34,080.00	$ 232,323.54	$ 9,698,990.21
58	7/1/06	53.63%	$147,916.67	$ 9,318,750.00	$ 34,080.00	$ 199,792.37	$ 9,518,542.37
59	8/1/06	52.61%	$147,916.67	$ 9,170,833.33	$ 34,080.00	$ 167,044.31	$ 9,337,877.65
60	9/1/06	51.59%	$147,916.67	$ 9,022,916.67	$ 34,080.00	$ 134,077.94	$ 9,156,994.61
61	10/1/06	50.57%	$147,916.67	$ 8,875,000.00	$ 34,080.00	$ 100,891.80	$ 8,975,891.80
62	11/1/06	49.55%	$147,916.67	$ 8,727,083.33	$ 34,080.00	$ 67,484.41	$ 8,794,567.74
63	12/1/06	48.52%	$147,916.67	$ 8,579,166.67	$ 34,080.00	$ 33,854.30	$ 8,613,020.97
64	1/1/07	47.50%	$147,916.67	$ 8,431,250.00			$ 8,431,250.00
65	2/1/07	46.67%	$147,916.67	$ 8,283,333.33			$ 8,283,333.33
66	3/1/07	45.83%	$147,916.67	$ 8,135,416.67			$ 8,135,416.67
67	4/1/07	45.00%	$147,916.67	$ 7,987,500.00			$ 7,987,500.00
68	5/1/07	44.17%	$147,916.67	$ 7,839,583.33			$ 7,839,583.33
69	6/1/07	43.33%	$147,916.67	$ 7,691,666.67			$ 7,691,666.67
70	7/1/07	42.50%	$147,916.67	$ 7,543,750.00			$ 7,543,750.00
71	8/1/07	41.67%	$147,916.67	$ 7,395,833.33			$ 7,395,833.33
72	9/1/07	40.83%	$147,916.67	$ 7,247,916.67			$ 7,247,916.67
73	10/1/07	40.00%	$147,916.67	$ 7,100,000.00			$ 7,100,000.00
74	11/1/07	39.17%	$147,916.67	$ 6,952,083.33			$ 6,952,083.33
75	12/1/07	38.33%	$147,916.67	$ 6,804,166.67			$ 6,804,166.67
76	1/1/08	37.50%	$147,916.67	$ 6,656,250.00			$ 6,656,250.00
77	2/1/08	36.67%	$147,916.67	$ 6,508,333.33			$ 6,508,333.33
78	3/1/08	35.83%	$147,916.67	$ 6,360,416.67			$ 6,360,416.67
79	4/1/08	35.00%	$147,916.67	$ 6,212,500.00			$ 6,212,500.00
80	5/1/08	34.17%	$147,916.67	$ 6,064,583.33			$ 6,064,583.33
81	6/1/08	33.33%	$147,916.67	$ 5,916,666.67			$ 5,916,666.67
82	7/1/08	32.50%	$147,916.67	$ 5,768,750.00			$ 5,768,750.00

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $17,750,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amortization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value Of Depreciation Benefits	(2)+(4) Termination Value
83	8/1/08	31.67%	$147,916.67	$ 5,620,833.33			$ 5,620,833.33
84	9/1/08	30.83%	$147,916.67	$ 5,472,916.67			$ 5,472,916.67
85	10/1/08	30.00%	$147,916.67	$ 5,325,000.00			$ 5,325,000.00
86	11/1/08	29.17%	$147,916.67	$ 5,177,083.33			$ 5,177,083.33
87	12/1/08	28.33%	$147,916.67	$ 5,029,166.67			$ 5,029,166.67
88	1/1/09	27.50%	$147,916.67	$ 4,881,250.00			$ 4,881,250.00
89	2/1/09	26.67%	$147,916.67	$ 4,733,333.33			$ 4,733,333.33
90	3/1/09	25.83%	$147,916.67	$ 4,585,416.67			$ 4,585,416.67
91	4/1/09	25.00%	$147,916.67	$ 4,437,500.00			$ 4,437,500.00
92	5/1/09	24.17%	$147,916.67	$ 4,289,583.33			$ 4,289,583.33
93	6/1/09	23.33%	$147,916.67	$ 4,141,666.67			$ 4,141,666.67
94	7/1/09	22.50%	$147,916.67	$ 3,993,750.00			$ 3,993,750.00
95	8/1/09	21.67%	$147,916.67	$ 3,845,833.33			$ 3,845,833.33
96	9/1/09	20.83%	$147,916.67	$ 3,697,916.67			$ 3,697,916.67
97	10/1/09	20.00%	$147,916.67	$ 3,550,000.00			$ 3,550,000.00
98	11/1/09	19.17%	$147,916.67	$ 3,402,083.33			$ 3,402,083.33
99	12/1/09	18.33%	$147,916.67	$ 3,254,166.67			$ 3,254,166.67
100	1/1/10	17.50%	$147,916.67	$ 3,106,250.00			$ 3,106,250.00
101	2/1/10	16.67%	$147,916.67	$ 2,958,333.33			$ 2,958,333.33
102	3/1/10	15.83%	$147,916.67	$ 2,810,416.67			$ 2,810,416.67
103	4/1/10	15.00%	$147,916.67	$ 2,662,500.00			$ 2,662,500.00
104	5/1/10	14.17%	$147,916.67	$ 2,514,583.33			$ 2,514,583.33
105	6/1/10	13.33%	$147,916.67	$ 2,366,666.67			$ 2,366,666.67
106	7/1/10	12.50%	$147,916.67	$ 2,218,750.00			$ 2,218,750.00
107	8/1/10	11.67%	$147,916.67	$ 2,070,833.33			$ 2,070,833.33
108	9/1/10	10.83%	$147,916.67	$ 1,922,916.67			$ 1,922,916.67
109	10/1/10	10.00%	$147,916.67	$ 1,775,000.00			$ 1,775,000.00
110	11/1/10	9.17%	$147,916.67	$ 1,627,083.33			$ 1,627,083.33
111	12/1/10	8.33%	$147,916.67	$ 1,479,166.67			$ 1,479,166.67
112	1/1/11	7.50%	$147,916.67	$ 1,331,250.00			$ 1,331,250.00
113	2/1/11	6.67%	$147,916.67	$ 1,183,333.33			$ 1,183,333.33
114	3/1/11	5.83%	$147,916.67	$ 1,035,416.67			$ 1,035,416.67
115	4/1/11	5.00%	$147,916.67	$ 887,500.00			$ 887,500.00
116	5/1/11	4.17%	$147,916.67	$ 739,583.33			$ 739,583.33
117	6/1/11	3.33%	$147,916.67	$ 591,666.67			$ 591,666.67
118	7/1/11	2.50%	$147,916.67	$ 443,750.00			$ 443,750.00
119	8/1/11	1.67%	$147,916.67	$ 295,833.33			$ 295,833.33
120	9/1/11	0.83%	$147,916.67	$ 147,916.67			$ 147,916.67

EXHIBIT I

$1,500,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

SEPTEMBER 8, 1999

among

WILLIAMS COMMUNICATIONS, LLC,
as Borrower

WILLIAMS COMMUNICATIONS GROUP, INC.,
as Guarantor

THE LENDERS PARTY HERETO,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Syndication Agent

SALOMON SMITH BARNEY INC.

and

LEHMAN BROTHERS, INC.,
as Joint Lead Arrangers and Joint Bookrunners
with respect to the Incremental Facility referred to herein

SALOMON SMITH BARNEY INC.,

LEHMAN BROTHERS, INC.,

and

MERRILL LYNCH & CO., INC.

as Co-Documentation Agents

ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms..1
SECTION 1.02. Classification of Loans and Borrowings............................36
SECTION 1.03. Terms Generally...36
SECTION 1.04. Accounting Terms; GAAP..37

ARTICLE 2 THE CREDITS

SECTION 2.01. Commitments...38
SECTION 2.02. Loans and Borrowings..38
SECTION 2.03. Requests for Borrowings...39
SECTION 2.04. Swingline Loans...40
SECTION 2.05. Letters of Credit...42
SECTION 2.06. Funding of Borrowings...46
SECTION 2.07. Interest Elections..47
SECTION 2.08. Termination and Reduction of Commitments..........................48
SECTION 2.09. Repayment of Loans; Evidence of Debt..............................51
SECTION 2.10. Amortization of Term Loans and Incremental Term Loans.............52
SECTION 2.11. Prepayment of Loans...55
SECTION 2.12. Fees..57
SECTION 2.13. Interest..58
SECTION 2.14. Alternate Rate of Interest..59
SECTION 2.15. Increased Costs...60
SECTION 2.16. Break Funding Payments..61
SECTION 2.17. Taxes...62
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.......63
SECTION 2.19. Mitigation Obligations; Replacement of Lenders....................65
SECTION 2.20. Additional Incremental Facilities and Commitments.................66

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Organization; Powers..67
SECTION 3.02. Authorization; Enforceability.....................................67
SECTION 3.03. Governmental Approvals; No Conflicts..............................68
SECTION 3.04. Financial Condition; No Material Adverse Change...................68
SECTION 3.05. Properties..69
SECTION 3.06. Litigation and Environmental Matters..............................69
SECTION 3.07. Compliance with Laws and Agreements...............................70
SECTION 3.08. Investment and Holding Company Status.............................70

SECTION 3.09. Taxes..70
SECTION 3.10. ERISA..70
SECTION 3.11. Disclosure...71
SECTION 3.12. Subsidiaries...71
SECTION 3.13. Insurance..71
SECTION 3.14. Labor Matters..71
SECTION 3.15. Solvency...72
SECTION 3.16. No Burdensome Restrictions...............................72
SECTION 3.17. Representations in Loan Documents True and Correct.......72

ARTICLE 4 CONDITIONS

SECTION 4.01. Effective Date...72
SECTION 4.02. Each Credit Event..72
SECTION 4.03. First Incremental Borrowing Date with Respect to the Incremental Facility...73

ARTICLE 5 AFFIRMATIVE COVENANTS

SECTION 5.01. Financial Statements and Other Information...............73
SECTION 5.02. Notices of Material Events...............................76
SECTION 5.03. Existence; Conduct of Business...........................76
SECTION 5.04. Payment of Obligations...................................77
SECTION 5.05. Maintenance of Properties................................77
SECTION 5.06. Insurance..77
SECTION 5.07. Casualty and Condemnation................................77
SECTION 5.08. Books and Records; Inspection and Audit Rights...........77
SECTION 5.09. Compliance with Laws.....................................78
SECTION 5.10. Use of Proceeds and Letters of Credit....................78
SECTION 5.11.A Initial Collateral Date.................................78
SECTION 5.11.B Collateral Event..79
SECTION 5.12. Information Regarding Collateral.........................81
SECTION 5.13. Additional Subsidiaries..................................82
SECTION 5.14. Further Assurances.......................................83
SECTION 5.15. Concentration Accounts...................................84
SECTION 5.16. Dissolution of CNG.......................................84
SECTION 5.17. Sale of Solutions and ATL................................84
SECTION 5.18. Qualifying Issuances.....................................84

ARTICLE 6 NEGATIVE COVENANTS

SECTION 6.01. Indebtedness; Certain Equity Securities..................85
SECTION 6.02. Liens..87

SECTION 6.03. Fundamental Changes..89
SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions.........89
SECTION 6.05. Asset Sales..92
SECTION 6.06. Sale and Leaseback Transactions..................................93
SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness............94
SECTION 6.08. Limitation on Capital Expenditures...............................95
SECTION 6.09. Transactions with Affiliates.....................................96
SECTION 6.10. Restrictive Agreements...96
SECTION 6.11. Fiscal Year..97
SECTION 6.12. Change in Business...97
SECTION 6.13. Amendment of Material Documents..................................97
SECTION 6.14. Designation of Unrestricted Subsidiaries.........................97
SECTION 6.15. Total Net Debt to Contributed Capital Ratio.......................98
SECTION 6.16. Minimum EBITDA...98
SECTION 6.17. Total Leverage Ratio...98
SECTION 6.18. Senior Leverage Ratio..99
SECTION 6.19. Interest Coverage Ratio..99
SECTION 6.20. Financial Covenant Non-Compliance Cure...........................99

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default...100

ARTICLE 8 THE AGENTS

SECTION 8.01. Appointment, Powers, Immunities.................................103
SECTION 8.02. Reliance by Agents..104
SECTION 8.03. Delegation to Sub-Agents..104
SECTION 8.04. Resignation of Agents...104
SECTION 8.05. Non-reliance on Agents or other Lenders.........................105
SECTION 8.06. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents...105

ARTICLE 9 HOLDINGS GUARANTEE

SECTION 9.01. The Guarantee...105
SECTION 9.02. Guarantee Unconditional...106
SECTION 9.03. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances...106
SECTION 9.04. Waiver..107
SECTION 9.05. Subrogation...107

SECTION 9.06. Stay of Acceleration....107
SECTION 9.07. Successors and Assigns....107

ARTICLE 10 MISCELLANEOUS

SECTION 10.01. Notices....108
SECTION 10.02. Waivers; Amendments....108
SECTION 10.03. Expenses; Indemnity; Damage Waiver....110
SECTION 10.04. Successors and Assigns....111
SECTION 10.05. Survival....115
SECTION 10.06. Counterparts; Integration; Effectiveness....115
SECTION 10.07. Severability....116
SECTION 10.08. Right of Setoff....116
SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process....116
SECTION 10.10. WAIVER OF JURY TRIAL....117
SECTION 10.11. Headings....117
SECTION 10.12. Confidentiality....117
SECTION 10.13. Interest Rate Limitation....118

SCHEDULE 2.01 - COMMITMENTS
SCHEDULE 3.05 - REAL PROPERTY
SCHEDULE 3.06 - DISCLOSED MATTERS
SCHEDULE 3.12 - SUBSIDIARIES
SCHEDULE 3.13 - INSURANCE
SCHEDULE 6.01 - EXISTING INDEBTEDNESS
SCHEDULE 6.02 - EXISTING LIENS
SCHEDULE 6.04 - EXISTING INVESTMENTS
SCHEDULE 6.09 - EXISTING AFFILIATE AGREEMENTS
SCHEDULE 6.10 - EXISTING RESTRICTIVE AGREEMENTS

EXHIBIT A - FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT B - FORM OF BORROWING REQUEST
EXHIBIT C-1 - FORM OF OPINION OF SPECIAL COUNSEL TO HOLDINGS, THE BORROWER AND THE SUBSIDIARY LOAN PARTIES
EXHIBIT C-2 - FORM OF OPINION OF THE GENERAL COUNSEL OF HOLDINGS
EXHIBIT D - FORM OF SUBSIDIARY GUARANTEE
EXHIBIT E - FORM OF REVOLVING NOTE
EXHIBIT F - FORM OF TERM NOTE
EXHIBIT G - FORM OF INTERCOMPANY NOTE
EXHIBIT H - FORM OF INTERCREDITOR AGREEMENT
EXHIBIT I - [INTENTIONALLY DELETED]
EXHIBIT J - FORM OF PROMISSORY NOTE
EXHIBIT K - FORM OF SECURITY AGREEMENT
EXHIBIT L - FORM OF INCREMENTAL TERM NOTE

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of September 8, 1999 among Williams Communications, LLC, a Delaware limited liability company, Williams Communications Group, Inc., a Delaware corporation, the LENDERS party hereto, BANK OF AMERICA, N.A., as Administrative Agent, THE CHASE MANHATTAN BANK, as Syndication Agent, and SALOMON SMITH BARNEY INC. and LEHMAN BROTHERS, INC., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein.

WHEREAS, Holdings, the Borrower, the lenders party thereto, Bank of America, N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent and Salomon Smith Barney Inc. and Lehman Brothers, Inc., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein, have entered into an Amendment No. 5 dated as of April 12, 2001 ("Amendment No. 5") pursuant to which such parties have agreed to amend and restate the Existing Agreement referred to therein as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Additional Capital" means the sum of:

(a) $850 million;

(b) the aggregate Net Proceeds received by the Borrower from the issuance or sale of any Qualifying Equity Interests of Holdings, subsequent to the Amendment No. 4 Effective Date; and

(c) the aggregate Net Proceeds from the issuance or sale of Qualifying Holdings Debt subsequent to the Amendment No. 4 Effective Date convertible or exchangeable into Qualifying Equity Interests of Holdings, in each case upon conversion or exchange thereof into Qualifying Equity Interests of Holdings subsequent to the Amendment No. 4 Effective Date;

provided, however, that the Net Proceeds from the issuance or sale of Equity Interests or Debt described in clause (b) or (c) shall be excluded from any computation of Additional Capital to the extent (1) utilized to make a Restricted Payment or (2) such Equity Interests or Debt shall have been issued or sold to the Borrower, a Subsidiary of the Borrower or a Plan.

"Additional Incremental Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility Agreement" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Loan" means an Additional Incremental Revolving Loan or an Additional Incremental Term Loan.

"Additional Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Revolving Loan" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Adjusted EBITDA" means, for any period of four consecutive fiscal quarters:

(i) if such period is a period ending on or after June 30, 1999 and on or before September 30, 2001,

(A) an amount equal to (x)(1) EBITDA for the last fiscal quarter in such period plus (2) ADP Interest Expense for such fiscal quarter minus (3) gain for such fiscal quarter attributable to Dark Fiber and Capacity Dispositions multiplied by (y) four, plus

(B) Dark Fiber and Capacity Proceeds for such period; and

(ii) if such period is any other period,

(A) EBITDA for such period plus (y) ADP Interest Expense for such period minus (z) gain for such period attributable to Dark Fiber and Capacity Dispositions plus

(B) Dark Fiber and Capacity Proceeds for such period.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Bank of America, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"ADP" means the program set forth in the Operative Documents.

"ADP Event of Default" has the meaning assigned to such term in the Intercreditor Agreement.

"ADP Interest Expense" means, for any period, the amount that would be accrued for such period in respect of the Borrower's obligations under the ADP that would constitute "interest expense" for such period if such obligations were treated as Capital Lease Obligations.

"ADP Obligations" means all obligations of Holdings or any Subsidiary under the ADP.

"ADP Outstandings" means, at any time, the amount of the Borrower's obligations at such time in respect of the ADP that would be considered "principal" if such obligations were treated as Capital Lease Obligations.

"ADP Property" has the meaning assigned to the term "Property" in the Participation Agreement.

"Affiliate" means, with respect to a specified Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls (a "controlling Person"), is Controlled by or is under common Control with the specified Person, (ii) any Person that holds, directly or indirectly, 10% or more of the Equity Interests of the specified Person and (iii) any Person 10% or more of the Equity Interests of which are held directly or indirectly by the specified Person or a controlling Person.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and each Co-Documentation Agent.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Amendment No.4 Effective Date" means March 19, 2001.

"Amendment No. 5" has the meaning set forth in the preamble.

"Amendment No. 5 Effective Date" means the date of effectiveness of Amendment No. 5.

"Applicable Margin" means, for any day, (a) with respect to any Term Loan or Revolving Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

(b) with respect to any Incremental Tranche A Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

	FACILITIES RATING	EURODOLLAR SPREAD	ABR SPREAD	LEVERAGE PREMIUM
LEVEL I	BBB- and Baa3 or higher	1.50%	0.50%	0.25%
LEVEL II	BB+ and Ba1	1.875%	0.875%	0.25%
LEVEL III	BB and Ba2	2.25%	1.25%	0.25%
LEVEL IV	BB- and Ba3	2.50%	1.50%	0.25%
LEVEL V	Lower than BB- or lower than Ba3	2.75%	1.75%	0.25%

and

(c) with respect to any Additional Incremental Loan, the Applicable Margin in respect thereof set forth in the applicable Additional Incremental Facility Agreement.

For purposes of the foregoing clauses (a) and (b), (i) if neither S&P nor Moody's shall have in effect a rating for the Facilities (other than by reason of the circumstances referred to in the last sentence of this definition), then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply (other than with respect to the Leverage Premium or as described in the immediately succeeding sentence or the immediately succeeding paragraph) during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P or Moody's shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any such amendment shall be subject to the provisions of Section 10.02(b).

If the Borrower shall enter into any Additional Incremental Facility Agreement, the Borrower, the Incremental Facility Arrangers and the Administrative Agent, on behalf of the then current Lenders, shall evaluate in good faith at such time whether to amend this definition of Applicable Margin with respect to the Term Loans, the Revolving Loans and the Incremental Tranche A Term Loans. Any such amendment shall be subject to the provisions of Section 10.02(b).

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"ATL" means ATL-Algar Telecom Leste S.A., a Brazilian corporation.

"Attributable Debt" means, on any date, in respect of any lease of Holdings or any Restricted Subsidiary entered into as part of a Sale and Leaseback Transaction subject to Section 6.06(ii), (i) if such lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bank of America" means Bank of America, N.A.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Williams Communications, LLC, a Delaware limited liability company.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of Holdings and the Restricted Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Holdings and the Restricted Subsidiaries for such period prepared in accordance with GAAP, other than any such capital expenditures that constitute Investments permitted under Section 6.04 (other than Section 6.04(i)); provided that any use during such period of the proceeds of any such Investment made by the recipient thereof for additions to property, plant and equipment and other capital expenditures, as described in this definition, shall (unless

such use shall, itself, constitute an Investment permitted under Section 6.04 (other than Section 6.04(i)) constitute "Capital Expenditures".

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalent Investments" means:

(1) Government Securities maturing, or subject to tender at the option of the holder thereof, within two years after the date of acquisition thereof;

(2) time deposits and certificates of deposit of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the law of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, in either case with a maturity date not more than one year from the date of acquisition;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with (a) any bank meeting the qualifications specified in clause (2) above or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing, or subject to tender at the option of the holder of such obligation, within one year after the date of acquisition thereof; provided that, at the time of acquisition, the long-term debt of such state, political subdivision or public instrumentality has a rating of A, or higher, from S&P or A-2 or higher from Moody's or, if at any time neither S&P nor Moody's shaft be rating such obligations, then an equivalent rating from such other nationally recognized rating service as is acceptable to the Administrative Agent;

(5) commercial paper issued by the parent corporation of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total

assets in excess of $500,000,000, or its foreign currency equivalent at the time, and money market instruments and commercial paper issued by others having one of the three highest ratings obtainable from either S&P or Moody's, or, if at any time neither S&P nor Moody's shall be rating such obligations, then from such other nationally recognized rating service as is acceptable to the Administrative Agent and in each case maturing within one year after the date of acquisition;

(6) overnight bank deposits and bankers' acceptances at (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time;

(7) deposits available for withdrawal on demand with (a) a commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time; and

(8) investments in money market funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7).

"Change in Control" means:

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any shares of capital stock of the Borrower;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the Commission thereunder as in effect on the date hereof) other than the Parent and its subsidiaries, of shares representing more than 35% of either (i) the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) the issued and outstanding capital stock of Holdings;

(c) other than as a result of the consummation of the Spin-Off, the failure of the Parent and its subsidiaries to own, directly or indirectly, (i) more than 75% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) more than 65% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the issued and outstanding capital stock of Holdings;

(d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed by directors so nominated; or

(e) the acquisition of direct or indirect Control of Holdings by any Person or group (other than, prior to the consummation of the Spin-Off, the Parent).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, any Swingline Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender, Swingline Lender or Issuing Bank or by such Lender's, Swingline Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Class" means, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Swingline Loans, Incremental Term Loans or Additional Incremental Loans and, when used in reference to any Commitment or Facility, refers to whether such Commitment or Facility is a Revolving Commitment or Facility, a Term Commitment or Facility, an Incremental Commitment or Facility or an Additional Incremental Commitment or Facility. The Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each Additional Incremental Facility shall constitute a separate Class from the Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each other Additional Incremental Facility, and if an Additional Incremental Facility includes Additional Incremental Revolving Commitments and Additional Incremental Term Commitments, such Additional Incremental Revolving Commitments and Additional Incremental Term Commitments and the Additional Incremental Revolving Loans and Borrowings thereof and the Additional Incremental Term Loans and Borrowings thereof, respectively, thereunder shall constitute separate Classes.

"CNG" means CNG Computer Networking Group, Inc., a Delaware corporation, and its successors and assigns.

"Co-Documentation Agent" means each of Salomon Smith Barney Inc., Lehman Brothers, Inc. and Merrill Lynch & Co., Inc., in each case in its capacity as a co-documentation agent hereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Collateral Document.

"Collateral Documents" means the Security Agreement and all security agreements, pledge agreements, mortgages and other security agreements or instruments or documents executed and delivered pursuant to Section 5.11B, 5.13 or 5.14.

"Collateral Establishment Date" has the meaning assigned to such term in Section 5.11B.

"Collateral Event" means the failure of the Facilities to be rated at least (i) BB- by S&P and (ii) Ba3 by Moody's.

"Collateral Notice has the meaning assigned to such term in Section 5.11B.

"Collateral Release Event" means the occurrence, after the occurrence of a Collateral Event, of the earlier to occur of (i) the termination of the Commitments, the payment in full of all obligations under the Loan Documents and the expiration or termination of all Letters of Credit and (ii) the rating of the Facilities by S&P of BB+ or greater and by Moody's of Ba1 or greater, in each case after giving effect to the release of all Collateral.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means a Revolving Commitment, a Term Commitment, an Incremental Commitment, an Additional Incremental Commitment or any combination thereof (as the context requires).

"Commitment Fee Rate" means, (a) with respect to the Revolving Commitments and the Term Commitments, a rate per annum equal to (x) 1.00% for each day on which Usage is less than 33.3%, (y) 0.75% for each day on which Usage is equal to or greater than 33.3% but less than 66.6% and (z) 0.50% for each day on which Usage is equal to or greater than 66.6% and (b) with respect to the Incremental Tranche A Commitments, 0.75% for each day. For purposes of the foregoing, "Usage" means, on any date, the percentage obtained by dividing (i) in the case of Revolving Commitments, (a) the aggregate Revolving Exposure on such date less the aggregate principal amount of all Swingline Loans outstanding on such date by (b) the aggregate outstanding Revolving Commitments on such date and (ii) in the case of Term Commitments, (a) the aggregate principal amount of all Term Loans outstanding on such date by (b) the sum of the aggregate principal amount of all Term Loans outstanding on such date and the aggregate unused Term Commitments on such date.

"Commitment Fees" has the meaning assigned to such term in Section 2.12.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings and the Restricted Subsidiaries (exclusive of the portion of net income allocable to Persons that are not Restricted Subsidiaries, except to the extent such amounts are received in cash by the Borrower or a Restricted Subsidiary) for such period.

"Consolidated Assets" means, at any date, the consolidated assets of Holdings and the Restricted Subsidiaries.

"Contributed Capital" means, at any date, (i) Total Net Debt at such date plus (ii) without duplication, all cash proceeds received by Holdings on or prior to such date from contributions to the capital, or purchases of common equity securities, of Holdings, including, without limitation, the proceeds of the Equity Issuance, and all other capital contributions made by the Parent and its subsidiaries (other than Holdings and its Subsidiaries) to Holdings, but only to the extent that proceeds of any of the foregoing are contributed by Holdings to the Borrower.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Dark Fiber and Capacity Proceeds" means, for any period, cash proceeds received by Holdings and the Restricted Subsidiaries in respect of Dark Fiber and Capacity Dispositions during such period.

"Dark Fiber and Capacity Disposition" means a lease, sale, conveyance or other disposition of fiber optic cable or capacity for a period constituting all or substantially all of the expected useful life of either the fiber optic cable (in the case of Dark Fiber Disposition) or optronic equipment generating the capacity (in the case of Capacity Disposition) thereof.

"Deemed Subsidiary Investment" has the meaning assigned to such term in Section 6.14.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disqualified Stock" of any Person means any Equity Interest of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Term Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period,

(i Consolidated Net Income for such period,

plus,

(ii to the extent deducted in determining Consolidated Net Income, the sum, without duplication, of (w) interest expense, (x) income tax expense, (y) depreciation and amortization expense and (z) non-cash extraordinary or non-recurring charges (if any), in each case recognized in such period;

minus,

(iii to the extent included in Consolidated Net Income for such period, extraordinary or non-recurring gains (if any), in each case recognized in such period.

"Effective Date" means September 8, 1999.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material, the health effects of Hazardous Materials or safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"Equity Issuance" means the issuance and sale by Holdings of its common stock (x) in an initial public offering or (y) to certain strategic investors other than the Parent or any of its subsidiaries or Affiliates.

"Equity Issuance Registration Statement" means Amendment No. 7 to the Registration Statement on Form S-1 with respect to the Equity Issuance filed by Holdings with the Commission on September 2, 1999.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article 7.

"Excess Cash Flow" means, for any fiscal period, the sum (without duplication) of:

(a) the Consolidated Net Income (or loss) of Holdings and the Restricted Subsidiaries for such period, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization, non-cash interest expense and other non-cash charges or losses deducted in determining Consolidated Net Income (or loss) for such period; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such period plus (ii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries increased during such period plus (iii) the aggregate principal amount of Capital Lease Obligations and other Indebtedness incurred during such period to finance Capital Expenditures, to the extent that mandatory principal payments in respect of such Indebtedness would not be excluded from clause (f) below when made; minus

(d) the sum of (i) any non-cash gains included in determining Consolidated Net Income (or loss) for such period plus (ii) the amount, if any, by which Net Working Capital increased during such period plus (iii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries decreased during such period; minus

(e) Capital Expenditures for such period; minus

(f) the aggregate principal amount of long-term Indebtedness (including pursuant to Capital Lease Obligations) repaid or prepaid by Holdings and the Restricted Subsidiaries during such period, excluding (i) Indebtedness in respect of Revolving Loans, Incremental Revolving Loans, Additional Incremental Revolving Loans and Letters of Credit, (ii) Term Loans, Incremental Term Loans and Additional Incremental Term Loans prepaid pursuant to Section 2.11(b) or (c), (iii) repayments or prepayments of Indebtedness financed by incurring other Indebtedness, to the extent that mandatory principal payments in respect of such other Indebtedness would not be excluded from this clause (f) when made and (iv) Indebtedness referred to in Sections 6.01(d), 6.01(f), 6.01(g), 6.01(i), 6.01(j), 6.01(k) and 6.01(o).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is a resident or is organized or in which its principal

office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)) or any Participant that would be a Foreign Lender if it were a Lender, any withholding tax that (i) is imposed on or with respect to amounts payable to such Foreign Lender or Participant at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or such Participant become a Participant, except to the extent that such Foreign Lender (or its assignor, if any) or Participant was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender or Participant's failure to comply with Section 2.17(e).

"Existing International Joint Ventures" means ATL, PowerTel Limited and Telefonica Manquehue, S.A.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of Holdings or the Borrower, as the case may be.

"First Incremental Borrowing Date" means the date on which the first Borrowing under the Incremental Facility is made in accordance with Section 4.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia, other than a Subsidiary that is (whether as a matter of law, pursuant to an election by such Subsidiary or otherwise) treated as a partnership in which any Subsidiary

that is not a Foreign Subsidiary is a partner or as a branch of any Subsidiary that is not a Foreign Subsidiary for United States income tax purposes.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations fully and unconditionally guaranteed or insured by, the United States of America or any agency or instrumentality thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged and which are not callable or redeemable at the issuer's option; provided that, for purposes of the definition of "Cash Equivalents Investments" only, such obligations shall not constitute Government Securities if they are redeemable or callable at a price less than the purchase price paid by the Borrower or the applicable other Restricted Subsidiary, together with all accrued and unpaid interest, if any, on such Government Securities.

"Granting Lender" has the meaning set forth in Section 10.04(b)(2).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of

any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

"Hedge Counterparty" means each Lender that is, and each affiliate of any Lender that is, a counterparty under a Hedging Agreement entered into with the Borrower or any other Restricted Subsidiary.

"Hedging Agreement" means any interest rate protection agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"High Yield Notes" means the notes issued by Holdings (i) the terms of which either (A) are substantially similar to the terms set forth in the Notes Offering Registration Statement or (B) are otherwise approved by the Administrative Agent and the Syndication Agent after consultation with the Required Banks and (ii) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date.

"Holdings" means Williams Communications Group, Inc., a Delaware corporation.

"Incremental Commitments" means the Incremental Tranche A Commitments.

"Incremental Facility" means the Incremental Tranche A Facility.

"Incremental Facility Arrangers" means Salomon Smith Barney Inc. and Lehman Brothers, Inc., in their respective capacities as joint lead arrangers of the Incremental Facility.

"Incremental Lenders" means the Incremental Tranche A Lenders.

"Incremental Term Loans" means the Incremental Tranche A Term Loans.

"Incremental Tranche A Amortization Date" means December 31, 2002.

"Incremental Tranche A Commitments" means with respect to each Incremental Tranche A Lender, the commitment, if any, of such Lender to make Incremental Tranche A Term Loans hereunder during the Incremental Tranche A Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Incremental Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Tranche A Term Commitment is set forth on Schedule 2.01(b), or in the Assignment and Acceptance

pursuant to which such Lender shall have assumed its Incremental Tranche A Term Commitment, as applicable. The initial aggregate amount of the Incremental Tranche A Lenders' Incremental Tranche A Term Commitments is $450,000,000.

"Incremental Tranche A Commitment Termination Date" means the date that is the earlier of (i) 180 days after the Amendment No. 5 Effective Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Incremental Tranche A Facility" means the Incremental Tranche A Commitments and the Incremental Tranche A Term Loans hereunder.

"Incremental Tranche A Lenders" means a Lender with an Incremental Tranche A Commitment or an outstanding Incremental Tranche A Term Loan.

"Incremental Tranche A Maturity Date" means September 8, 2006.

"Incremental Tranche A Term Loan" means a Loan made pursuant to Section 2.01(b)(i).

"Incremental Tranche A Term Loan Availability Period" means the period from and including the First Incremental Borrowing Date to but excluding the earlier of (i) the Incremental Tranche A Commitment Termination Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all (x) Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Indebtedness only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor) and (y) ADP Outstandings, if any, of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such

Person in respect of bankers' acceptances, (j) any Disqualified Stock and (k) all obligations under any Hedging Agreements or Permitted Specified Security Hedging Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of the Borrower and the other Subsidiaries shall exclude any Indebtedness of Holdings that would otherwise constitute Indebtedness of the Borrower or any such Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d), and Indebtedness of Holdings and the Subsidiaries shall exclude any Indebtedness of the Parent that would otherwise constitute Indebtedness of Holdings or any Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated August 1999 relating to the Parent, Holdings, the Borrower and the Transactions.

"Initial Collateral Date" means the first date on which the Parent ceases to own at least a majority of the outstanding securities having ordinary voting power of Holdings, whether as a result of the consummation of the Spin-Off or otherwise.

"Intercreditor Agreement" means the Intercreditor Agreement, substantially in the form of Exhibit H hereto, among the Lenders, the Parent, Holdings and the Borrower.

"Interest Coverage Ratio" means, at any date, the ratio of (i) the amount equal to (A) EBITDA plus (B) ADP Interest Expense minus (C) gains attributable to Dark Fiber and Capacity Dispositions plus (D) Dark Fiber and Capacity Proceeds to (ii) Interest Expense, in each case for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"Interest Expense" means, for any period, the cash interest expense of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP plus ADP Interest Expense for such period, net of interest income for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with

an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, or six months (or if corresponding funding is available to each Lender of the applicable Class, twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America and Chase, each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such affiliate with respect to Letters of Credit issued by such affiliate.

"Investment" has the meaning assigned to such term in Section 6.04.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01, any Additional Incremental Lender that shall become a Lender pursuant to Section 2.20 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders and the Additional Incremental Lenders.

"Leverage Target Date" means the first date on or after March 31, 2002 on which the Total Leverage Ratio for the fiscal quarter (or fiscal year, as the case may be) most recently ended and with respect to which Holdings and the Borrower shall have delivered the financial statements required to be delivered by them with respect to such fiscal quarter (or fiscal year, as the case may be) pursuant to Section 5.01(a) or 5.01(b) does not exceed 3.5:1.0.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Parent Guarantee, the Subsidiary Guarantee, the Intercreditor Agreement, any Additional Incremental Facility Agreement and the Collateral Documents (if any).

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loan Party Guarantees" means the Subsidiary Guarantee.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Mark-to-Market Valuation" means, at any date with respect to any Hedging Agreement or Permitted Specified Security Hedging Transaction, all net obligations under such Hedging Agreement or Permitted Specified Security Hedging Transaction in an amount equal to (i) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has been closed out, the termination value thereof or (ii) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in Hedging Agreements or other transactions similar to such Hedging Agreement or Permitted Specified Security Hedging Transaction."

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of Holdings and the Restricted Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings or any Restricted Subsidiary in respect of any Hedging Agreement or Permitted Specified Security Hedging Transaction at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Restricted Subsidiary would be required to pay if such Hedging Agreement or Permitted Specified Security Hedging Transaction were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations.

"Mortgage Establishment Date" has the meaning assigned to such term in Section 5.11B(b).

"Mortgaged Property" means each parcel of real property and the improvements thereto owned by a Loan Party with respect to which a Mortgage is granted pursuant to Section 5.11B(b).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by Holdings and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by Holdings and the Restricted Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings and the Restricted Subsidiaries, and the amount of any reserves established by Holdings and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of Holdings).

"Net Working Capital" means, at any date, (a) the consolidated current assets of Holdings and the Restricted Subsidiaries as of such date (excluding cash and Cash Equivalent Investments) minus (b) the consolidated current liabilities of Holdings and the Restricted Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Notes Offering" means the public offering and sale of the High Yield Notes.

"Notes Offering Registration Statement" means Amendment No. 6 to the Registration Statement on Form S-1 with respect to the Notes Offering filed by Holdings with the Commission on September 2, 1999.

"Obligations" means (i) obligations under the Loan Documents, including (x) all principal of and interest (including, without limitation, Post-Petition Interest) on any Loan under, or any Note issued pursuant to, or any reimbursement obligation under any Letter of Credit under, the Credit Agreement and (y) all other amounts payable under the Loan Documents and (ii) obligations of any Loan Party under any Hedging Agreement with any Lender or any affiliate of any Lender, including, without limitation, a conditional obligation to make a future payment under an outstanding Hedging Agreement.

"Operative Documents" has the meaning set forth in the Participation Agreement.

"Other Financing Documents" means all agreements, instruments and other documents entered into or related to the Equity Issuance and the Notes Offering.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent" means The Williams Companies, Inc., a Delaware corporation.

"Parent Indemnity" means the Indemnification Agreement dated as of September 1, 1999 between the Parent and Holdings.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of September 2, 1998, as amended from time to time, among the Borrower, State Street Bank and Trust Company of Connecticut, National Association, as trustee, the Noteholders and Certificate Holders named therein, State Street Bank and Trust Company, as collateral agent, and Citibank, N.A., as agent, and the other agents, arrangers and managing agents party thereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract

from the value of the affected property or interfere with the ordinary conduct of business of Holdings or any Restricted Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Receivables Disposition" means any transfer (by way of sale, pledge or otherwise) by the Borrower or any Restricted Subsidiary to any other Person (including a Receivables Subsidiary) of accounts receivable and other rights to payment (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise and including the right to payment of interest or finance charges) and related contract and other rights and property (including all general intangibles, collections and other proceeds relating thereto, all security therefor (and the property subject thereto), all guarantees and other agreements or arrangements of whatsoever character from time to time supporting such right to payment, and all other rights, title and interest in goods relating to a sale which gave rise to such right of payment) in connection with a Permitted Receivables Financing.

"Permitted Receivables Financing" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $250,000,000 on terms reasonably satisfactory to all the Incremental Facility Arrangers (if any) and the Administrative Agent.

"Permitted Specified Security Hedging Transactions" means options, collars, forwards and other similar transactions (including, without limitation, prepaid forward transactions, collar/loan transactions and other similar transactions) with respect to any Specified Security entered into by the Borrower or any of its Subsidiaries to monetize the value of and/or hedge against changes in the market price of such Specified Security."

"Permitted Telecommunications Asset Disposition"means the transfer, conveyance, sale, lease or other disposition of an interest in or capacity on (1) optical fiber and/or conduit and any related equipment, technology or software used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would retain the right to use at least the minimum retained capacity set forth below:

(i) with respect to any Segment constructed by, for or on behalf of the Borrower or any Subsidiary or Affiliate, (x) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (y) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; and

(ii) with respect to any Segment purchased or leased from third parties, the lesser of (x) 50% of the optical fibers per route mile originally purchased or leased on such Segment, (y) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (z) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; or

(2) single strand fiber used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would not eliminate all capacity between the endpoint cities connected by any fiber of the Borrower or its Restricted Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Post-Petition Interest" means any interest that accrues after the commencement of any case, proceeding or action relating to the bankruptcy, reorganization or insolvency of the Borrower (or would accrue but for the operation of applicable bankruptcy, reorganization or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of Holdings or any Restricted Subsidiary, other than Dark Fiber and Capacity Dispositions and dispositions permitted under clauses (a) through (d) and (f) through (i) of Section 6.05 and except as contemplated by Sections 5.17 and 5.18; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset or purchase similar property or assets within 360 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01.

"Prepayment Portion" means in respect of any prepayment to be made pursuant to Section 2.11(b) or 2.11(c), a fraction, the numerator of which is the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate principal amount and the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction pursuant to Section 2.08(f) or (g) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Dallas, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning set forth in Section 3.04(d).

"Qualifying Borrower Indebtedness" means, unsecured Indebtedness of the Borrower to Holdings that (i) does not require the payment of any principal or cash interest prior to the first anniversary of the Term Maturity Date, (ii) is not redeemable by, or convertible or exchangeable for securities of the Borrower or any of its Subsidiaries that are redeemable by, the holder thereof, and not subject to any required sinking fund or other similar payment, prior to the first anniversary of the Term Maturity Date, (iii) is subordinated to the Obligations pursuant to subordination provisions at least as favorable to the holders of the Obligations as the provisions set forth in Exhibit J hereto and (iv) includes no covenants, events of default or acceleration provisions other than a customary bankruptcy default and acceleration provision.

"Qualifying Equity Interest" means, with respect to Holdings or the Borrower, Equity Interests of Holdings or the Borrower, as the case may be, that (i) are not mandatorily redeemable or redeemable at the option of the holder thereof, (ii) are not convertible into or exchangeable for debt securities of Holdings or any Restricted Subsidiary, Equity Interests in any Restricted Subsidiary or Equity Interests that are not Qualifying Equity Interests of Holdings, (iii) are not required to be repurchased or redeemed by Holdings or any Restricted Subsidiary and (iv) do not require the payment of cash dividends, in each of the foregoing cases, prior to the date that is one year after the Term Maturity Date.

"Qualifying Holdings Debt" means unsecured debt of Holdings (other than the High Yield Notes) (i) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date, (ii) the payment of the principal of and interest on which and other payment obligations of Holdings in respect of which are subordinated to the prior payment in full in cash of the principal of and interest (including Post-Petition Interest) on the Loans and all other obligations under the Loan Documents and (iii) the terms and conditions of which are reasonably satisfactory to the Required Lenders.

"Qualifying Issuances" means (i) any issuance of Qualifying Equity Interests of Holdings, (ii) any issuance of unsecured Indebtedness described in clauses (a) or (b) of the definition thereof of Holdings or the Borrower, and (iii) any Sale and Leaseback Transaction by the Borrower or a Restricted Subsidiary the subject property of which is the building under construction as of the Amendment No. 4 Effective Date and adjacent to One Williams Center, together with the parking garage adjacent thereto, or any one or more of three corporate jets identified by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date, so long as the terms and conditions of any such Indebtedness or Sale and Leaseback Transaction shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Receivables Subsidiary" means any wholly-owned Unrestricted Subsidiary (regardless of the form thereof) of the Borrower formed solely for the purpose of, and which engages in no other activities except those necessary for, effecting Permitted Receivables Financings.

"Reduction Portion" means, in respect of any reduction of Revolving Commitments or Additional Incremental Revolving Commitments to be made pursuant to Section 2.08(f) or (g), a fraction, the numerator of which is the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate Commitments and the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under Section 2.11(b) or 2.11(c) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Reorganization" means the contribution to the Borrower by the Parent and its subsidiaries (other than Holdings and the Subsidiaries) of its material subsidiaries that hold interests in international communications projects (other than Algar Telecom S.A. (formerly known as Lightel S.A.) and by Holdings of all of its material subsidiaries (other than the Borrower and its subsidiaries), in each case not previously held, directly or indirectly, by the Borrower.

"Required Lenders" means, at any time, Lenders having outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments representing more than 50% of the sum of the total outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such shares of capital stock of Holdings, the Borrower or any Subsidiary.

"Restricted Subsidiary" means the Borrower and each other Subsidiary (other than any Foreign Subsidiary) of Holdings that has not been designated as an Unrestricted Subsidiary pursuant to and in compliance with Section 6.14. On the Effective Date, all Subsidiaries (other than (i) each Structured Note Trust and (ii) any Foreign Subsidiary) of Holdings are Restricted Subsidiaries.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment as of

the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $525,000,000.

"Revolving Commitment Reduction Date" means September 30, 2002.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Facility" means the Revolving Commitments and the Revolving Loans hereunder.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Revolving Maturity Date" means the sixth anniversary of the Effective Date.

"Sale and Leaseback Transaction" has the meaning set forth in Section 6.06.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"Security Agreement" means the security agreement substantially in the form of Exhibit K hereto among the Borrower, each Restricted Subsidiary and the Administrative Agent entered into as of the Initial Collateral Date, as amended from time to time.

"Segment" means (i) with respect to the Borrower's and the other Restricted Subsidiaries' intercity network, the through-portion of such network between two local networks and (ii) with respect to a local network of the Borrower and the other Restricted Subsidiaries, the entire through-portion of such network, excluding the spurs which branch off the through-portion.

"Senior Debt" means, at any date, without duplication, all Indebtedness (other than Qualifying Borrower Indebtedness permitted under Section 6.01(p)) of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower, determined on a consolidated basis at such date and the ADP Outstandings at such date; provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of the Borrower and the Restricted Subsidiaries that are subsidiaries of the Borrower then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such

aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Mark-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero."

"Senior Leverage Ratio" means, at any date, the ratio of (i) Senior Net Debt at such date, to (ii) Adjusted EBITDA, for the period of four fiscal quarters most recently ended on or prior to such date.

"Senior Net Debt" means, at any date, Senior Debt at such date minus the aggregate amount of all cash and Cash Equivalent Investments of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Solutions" means Williams Communications Solutions, LLC, a Delaware corporation, and its successors and assigns.

"SPC" has the meaning set forth in Section 10.04(b)(2).

"Specified Hedging Agreement" has the meaning set forth in Section 9.01.

"Specified Indebtedness" has the meaning set forth in Section 6.07(b).

"Specified Security" means publicly traded equity securities of actual or prospective customers or vendors of the Borrower and its subsidiaries acquired by the Borrower and its subsidiaries in connection with (or pursuant to warrants, options or rights acquired in connection with) actual or prospective commercial agreements with such customers or vendors; provided that securities of the Borrower or any of its subsidiaries or Affiliates shall not constitute Specified Securities.

"Spin-Off" means the distribution by Parent to its shareholders of all or substantially all of the capital stock of Holdings held by Parent substantially on the terms described by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such

Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Structured Note Bridge Indebtedness" means the Indebtedness permitted to be incurred by Holdings pursuant to Section 6.01(t).

"Structured Note Financing" means the issuance by the Structured Note Trust of notes for cash Net Proceeds of up to $1,500,000,000 substantially on the terms and conditions described by the Borrower in the "Term Sheet for Structured Note" included as an attachment to the Borrower's Amendment Request distributed to the Lenders on or prior to March 7, 2001 or otherwise approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Structured Note Trust" means WCG Note Trust and WCG Note Corp., Inc., each of which is an Unrestricted Subsidiary created for the purpose of consummating the Structured Note Financing and conducting no activities other than the consummation of the Structured Note Financing and activities incidental thereto.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of Holdings. For purposes of the representations and warranties made herein on the Effective Date, the term "Subsidiary" includes each of the Borrower and the other Restricted Subsidiaries.

"Subsidiary Designation" has the meaning set forth in Section 6.14.

"Subsidiary Guarantee" means the Subsidiary Guarantee, substantially in the form of Exhibit D, made by the Subsidiary Loan Parties in favor of the Administrative Agent for the benefit of the Lenders, and any Supplements thereto.

"Subsidiary Loan Party" means any Restricted Subsidiary (other than the Borrower) that is not a Foreign Subsidiary; provided that no Receivables Subsidiary shall be a Subsidiary Loan Party for any purpose under the Loan Documents.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lenders" means Bank of America and Chase, each in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Syndication Agent" means Chase, in its capacity as syndication agent hereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telecommunications Assets" means:

(a) any property (other than cash or Cash Equivalent Investments) to be owned or used by the Borrower or any other Restricted Subsidiary and used in the Telecommunications Business; and

(b) Equity Interests of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Equity Interests by the Borrower or any other Restricted Subsidiary from any Person other than an Affiliate of Holdings or the Borrower; provided that such Person is primarily engaged in the Telecommunications Business.

"Telecommunications Business" means the business of:

(a) transmitting, or providing services relating to the transmission of, voice, video or data through owned or leased transmission facilities or the right to use such facilities;

(b) constructing, acquiring, creating, developing, operating, managing or marketing communications networks, related network transmission equipment, software and other devices for use in a communications business;

(c) computer outsourcing, data center management, computer systems integration, reengineering of computer software for any purpose, including, without limitation, for the purposes of porting computer software from one

operating environment or computer platform to another or to address issues commonly referred to as "Year 2000 issues";

(d) constructing, managing or operating fiber optic telecommunications networks and leasing capacity on those networks to third parties;

(e) the sale, resale, installation or maintenance of communications systems or equipment; or

(f) evaluating, participating in or pursuing any other activity or opportunity that is primarily related to those identified in (a), (b), (c), (d) or (e) above;

provided that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of Holdings.

"Term Amortization Date" means September 30, 2002.

"Term Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder during the Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Term Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Term Commitment, as applicable. The initial aggregate amount of the Lenders' Term Commitments is $525,000,000.

"Term Commitment Termination Date" means September 8, 2000.

"Term Facility" means the Term Commitments and the Term Loans hereunder.

"Term Lender" means a Lender with a Term Commitment or an outstanding Term Loan.

"Term Loan" means a Loan made pursuant to Section 2.01(a)(i).

"Term Loan Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Term Commitment Termination Date and the date of termination of the Term Commitments.

"Term Maturity Date" means September 30, 2006.

"Total Debt" means, at any date, without duplication, the sum of all Indebtedness of Holdings and the Restricted Subsidiaries, determined on a consolidated basis at such

date, and the ADP Outstandings at such date, provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of Holdings and the Restricted Subsidiaries then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Market-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero.

"Total Leverage Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Adjusted EBITDA for the period of four fiscal quarters most recently ended on or prior to such date.

"Total Net Debt" means, at any date, Total Debt at such date, minus the aggregate amount of all cash and Cash Equivalent Investments of Holdings and the Restricted Subsidiaries (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Total Net Debt to Contributed Capital Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Contributed Capital at such date.

"Trading Subsidiary" has the meaning assigned to such term in Section 6.03(c).

"Transactions" means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to an Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (i) any Subsidiary (other than the Borrower) that is designated by the Board of Directors of Holdings as an Unrestricted Subsidiary in accordance with Section 6.14, and (ii) each Structured Note Trust.

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, whether or not the right so to vote has been suspended by the happening of such a contingency.

"Weighted Average Life to Maturity" means, on any date and with respect to the Revolving Commitments, the Term Loans, any Additional Incremental Revolving Commitments of any Class, any Incremental Term Loans, any Additional Incremental Term Loans of any Class or any other Indebtedness or commitments to provide financing, an amount equal to (i) the sum, for each scheduled repayment of Term Loans, Additional Incremental Term Loans or Incremental Term Loans of such Class or of such Indebtedness, as the case may be, to be made after such date, or each scheduled reduction of Revolving Commitments or Additional Incremental Revolving Commitments of such Class or other commitments to provide financing, as the case may be, to be made after such date, of the amount of such scheduled repayment or reduction multiplied by the number of days from such date to the date of such scheduled prepayment or reduction divided by (ii) the aggregate principal amount of such Term Loans, Additional Incremental Term Loans or Incremental Term Loans or of such Indebtedness, as the case may be, or such Revolving Commitments or Additional Incremental Revolving Commitments or other commitments to provide financing, as the case may be.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same

meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

SECTION 2.1. Commitments. Subject to the terms and conditions set forth herein, (a) each Lender agrees (i) to make Term Loans to the Borrower from time to time during the Term Loan Availability Period in a principal amount not exceeding its Term Commitment, if any, (ii) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment, if any, (iii) to make Additional Incremental Term Loans to the Borrower under any Additional Incremental Facility during the period or on the date set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding its Additional Incremental Commitment in respect of such Additional Incremental Facility, if any, and (iv) to make Additional Incremental Revolving Loans to the Borrower under any Additional Incremental Facility during the period set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding at any time its Additional Incremental Revolving Commitment in respect of such Additional Incremental Facility, if any, (b) each Incremental Tranche A Lender agrees to make Incremental Tranche A Term Loans to the Borrower from time to time during the Incremental Tranche A Term Loan Availability Period in a principal amount not exceeding its Incremental Tranche A Commitment, provided that the initial Borrowing under the Incremental Tranche A Facility shall be in an aggregate amount not less than $225,000,000 and shall occur on the First Incremental Borrowing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Additional Incremental Revolving Loans. Amounts repaid in respect of Term Loans, Incremental Term Loans or Additional Incremental Term Loans may not be reborrowed.

SECTION 2.2. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing, Term Borrowing, Additional Incremental Revolving Borrowing, Additional Incremental Term Borrowing and Incremental Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an

integral multiple of $1,000,000 and not less than $10,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement. At the time that each ABR Borrowing is made, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement; provided that (i) an ABR Revolving Borrowing or ABR Additional Incremental Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or Additional Incremental Revolving Commitments of the applicable Class, as the case may be, (ii) an ABR Revolving Borrowing may be in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) and (iii) an ABR Term Borrowing, ABR Incremental Term Borrowing or ABR Additional Incremental Term Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Term Commitments, Incremental Term Commitments, Additional Incremental Term Commitments of the applicable Class, as the case may be. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, the Term Maturity Date, the Incremental Tranche A Maturity Date or the maturity date set forth in the applicable Additional Incremental Facility Agreement, as applicable.

SECTION 2.3. Requests for Borrowings. To request a Borrowing (other than a Swingline Borrowing), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request

shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit B hereto and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Term Borrowing, Incremental Tranche A Term Borrowing, Additional Incremental Revolving Borrowing or Additional Incremental Term Borrowing and, in the case of Additional Incremental Revolving Borrowings and Additional Incremental Term Borrowings, the Additional Incremental Facility under which such Borrowing is to be made;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lenders each agree to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans of either Swingline Lender exceeding $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that neither Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, Dallas, Texas time, on the day of a proposed Swingline Loan and shall advise the Administrative Agent as to which Swingline Lender the Borrower desires to provide such Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender indicated by the Borrower in such notice of any such notice received from the Borrower. The applicable Swingline Lender shall make such Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with such Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The applicable Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan made by such Swingline Lender after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments

pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank from whom the Borrower is requesting such Letter of Credit and to the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $350,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), provided that a Letter of Credit may include customary "evergreen" provisions and (ii) the date that is five Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants

to each Revolving Lender, and each Revolving Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:30 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 9:30 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Lenders have

made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the applicable Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor either Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), each Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor, to any other Issuing Bank or to any previous Issuing Bank, or to such successor, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of

the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(h) or 7.01(i). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.6. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Dallas, Texas and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent,

then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.7. Interest Elections. (a) Each Revolving Borrowing, Additional Incremental Revolving Borrowing, Term Borrowing, Incremental Term Borrowing and Additional Incremental Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of a Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(f):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.8. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Commitments shall terminate on the Term Commitment Termination Date, (ii) the Revolving Commitments shall terminate on the Revolving Maturity Date, (iii) the Incremental Tranche A Commitments shall terminate on the Incremental Tranche A Commitment Termination Date and (iv) the Additional Incremental Commitments of any Class shall terminate on the date set forth in the applicable Additional Incremental Facility Agreement.

(b) Subject to adjustment pursuant to Section 2.08(h), the Revolving Commitments outstanding on the Revolving Commitment Reduction Date shall be

automatically and permanently reduced in 12 consecutive installments on the last day of each fiscal quarter (except with respect to the final reduction, which shall be on the Revolving Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Revolving Commitments outstanding on the Revolving Commitment Reduction Date) set forth opposite such quarterly scheduled reduction date (or the Revolving Maturity Date) below; provided that the final installment shall reduce the remaining outstanding Revolving Commitments to zero on the Revolving Maturity Date and the payment made in respect thereof shall equal the sum of (x) the then aggregate unpaid principal amount of all Revolving Loans plus (y) all other unpaid amounts owing in respect of Revolving Loans, which payment shall be due and payable not later than the Revolving Maturity Date:

Scheduled Reduction Date	Commitment Reduction
4th Quarter 2002	5.00%
1st Quarter 2003	5.00%
2nd Quarter 2003	5.00%
3rd Quarter 2003	5.00%
4th Quarter 2003	7.50%
1st Quarter 2004	7.50%
2nd Quarter 2004	7.50%
3rd Quarter 2004	7.50%
4th Quarter 2004	12.50%
1st Quarter 2005	12.50%
2nd Quarter 2005	12.50%
Revolving Maturity Date	12.50%

(c) Subject to adjustment pursuant to Section 2.08(h), the Additional Incremental Revolving Commitments of any Class shall be automatically and permanently reduced on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments and (iii) the Borrower shall not terminate or reduce the Additional Incremental Revolving Commitments of any Class if, after giving effect to any concurrent prepayment of Additional Incremental Revolving Loans of such Class in accordance with

Section 2.11, the aggregate principal amount of outstanding Additional Incremental Revolving Loans of such Class would exceed the total Additional Incremental Revolving Commitments of such Class.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(d) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments or the Additional Incremental Revolving Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(f) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.08(f) and in Section 2.11(b). In such event, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall, on the third Business Day after such Net Proceeds are received, be automatically and permanently reduced in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any reduction would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Reduction Portion in respect of such Prepayment Event; provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no reduction shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so

applied by the end of such period, at which time a reduction shall be required in accordance with this paragraph (f).

(g) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall be automatically and permanently reduced in an aggregate amount equal to the product of 50% of Excess Cash Flow for such fiscal year and the Reduction Portion in respect of such Excess Cash Flow; provided that if, on the date on which any reduction would otherwise be made pursuant to this Section 2.08(g), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such reduction shall be required pursuant to this Section 2.08(g). Each reduction pursuant to this paragraph shall be made on the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(h) Any reduction of the Revolving Commitments, other than a reduction pursuant to Section 2.08(a) or 2.08(b) above, shall be applied to reduce the subsequent scheduled reductions of Revolving Commitments to be made pursuant to Section 2.08(a) or 2.08(b) above in reverse chronological order. Any reduction of the Additional Incremental Revolving Commitments of any Class, other than a reduction pursuant to Section 2.08(a) or 2.08(c) above, shall be applied to reduce the subsequent scheduled reductions of Additional Incremental Revolving Commitments of such Class to be made pursuant to Section 2.08(a) or 2.08(c) as set forth in the applicable Additional Incremental Facility Agreement.

SECTION 2.9. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, (iii) to the Administrative Agent for the account of each applicable Incremental Lender the then unpaid principal amount of each Incremental Tranche A Term Loan of such Incremental Lender as set forth in Section 2.10, (iv) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Additional Incremental Loan of any Class of such Lender as set forth in the applicable Additional Incremental Facility Agreement and (v) to each Swingline Lender the then unpaid principal amount of each Swingline Loan made by it on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) and 2.09(c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) No promissory notes evidencing Loans hereunder will be issued unless a Lender requests that a promissory note be issued to it to evidence its Loans of any Class. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans and Incremental Term Loans. (a) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Term Borrowings outstanding on the Term Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Term Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Term Loans outstanding on the Term Commitment Termination Date) set forth opposite such quarterly installment date (or the Term Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Term Loans plus (y) all other unpaid amounts owing in respect of Term Loans and shall be due and payable not later than the Term Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Term Maturity Date	7.50%

(b) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Incremental Tranche A Borrowings outstanding on the Incremental Tranche A Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Incremental Tranche A Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Incremental Tranche A Term Loans outstanding on the Incremental Tranche A Commitment Termination Date) set forth opposite such quarterly installment date (or the Incremental Tranche A Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Incremental Tranche A Term Loans plus (y) all other unpaid amounts owing in respect of the Incremental Tranche A Term Loans, and shall be due and payable not later than the Incremental Tranche A Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Incremental Tranche A Maturity Date	7.50%

(c) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Additional Incremental Term Borrowings of any Class on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Maturity Date, all Revolving Loans shall be due and payable on the Revolving Maturity Date, all Incremental Tranche A Term Loans shall be due and payable on the Incremental Tranche A Maturity Date and all Additional Incremental Loans of any Class shall be due and payable on the final maturity date set forth in the applicable Additional Incremental Facility Agreement.

(e) Any prepayment of a Term Borrowing or an Incremental Term Borrowing shall be applied to reduce the subsequent scheduled repayments of Term Borrowings or Incremental Term Borrowings, respectively to be made pursuant to this Section in reverse chronological order. Any prepayment of an Additional Incremental Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayment of Additional Incremental Term Borrowings of such Class to be made pursuant to this Section as set forth in the applicable Additional Incremental Facility Agreement.

(f) Prior to any repayment of any Term Borrowings or Incremental Term Borrowings hereunder or any Additional Incremental Term Borrowings of any Class, the Borrower shall select the Borrowing or Borrowings of such Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., Dallas, Texas time, three Business Days before the scheduled date of such repayment; provided that each repayment of Term Borrowings or Incremental Term Borrowings or any Additional Incremental Term Borrowings of any Class shall be applied to repay any outstanding ABR Term Borrowings or ABR

Incremental Term Borrowings or ABR Additional Incremental Term Borrowings of such Class before any other Borrowings of such Class. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings, Incremental Term Borrowings and Additional Incremental Term Borrowings shall be accompanied by accrued interest on the amount repaid.

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section. All prepayments shall be made without premium or penalty other than, to the extent applicable, amounts payable under Section 2.16.

(b) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings, and if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.11(b) and in Section 2.08(f). In such event, the Borrower shall, within three Business Days after such Net Proceeds are received, prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any prepayment would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Prepayment Portion in respect of such Prepayment Event (such product, the "Prepayment Amount"); provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a prepayment shall be required in accordance with this paragraph (b).

(c) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Borrower shall prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of (i) 50% of Excess Cash Flow for such fiscal

year and (ii) the Prepayment Portion in respect of such Excess Cash Flow (such product, the "Excess Cash Flow Prepayment Amount"); provided that if, on the date on which any prepayment would otherwise be made pursuant to this Section 2.11(c), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such prepayment shall be required pursuant to this Section 2.11(c). Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(d) If, on any date, the aggregate Revolving Exposures of all Lenders exceeds the aggregate Revolving Commitments of all Lenders, or the aggregate principal amount of the Additional Incremental Revolving Loans of any Class of all Lenders exceeds the aggregate Additional Incremental Revolving Commitments of such Class of all Lenders, the Borrower shall immediately prepay Revolving Loans or Additional Incremental Revolving Loans of such Class, as the case may be (and, to the extent that any such excess remains after all Revolving Loans have been prepaid, deposit cash collateral with the Administrative Agent to secure outstanding LC Exposure), in an amount equal to such excess.

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(f); provided that each prepayment of Borrowings of any Class shall be applied to prepay ABR Borrowings of such Class before any other Borrowings of such Class.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments or any Additional Incremental Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be

permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent (i) in the case of Revolving Commitments and Term Commitments for the account of each Lender fees for each day during the period from and including the Effective Date to but excluding the date on which such Commitment terminates at a rate equal to the applicable Commitment Fee Rate for such day, (ii) in the case of Incremental Tranche A Commitments for the account of each Incremental Tranche A Lender fees for each day during the period from and including the Amendment No. 5 Effective Date but excluding the Incremental Tranche A Commitment Termination Date at a rate equal to the applicable Commitment Fee Rate for such day and (iii) in the case of any Additional Incremental Facility Commitment, the rate set forth in the applicable Additional Incremental Facility Agreement for such day, in each case on the unused amount of each Commitment of such Lender on such day (collectively, the "COMMITMENT FEES"). Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the applicable Commitments terminate, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit for each day during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, which fee shall accrue at a rate equal to the Applicable Margin on Eurodollar Revolving Loans for such day on the amount of such Lender's LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) and (ii) to the applicable Issuing Bank a fronting fee in respect of Letters of Credit issued by such Issuing Bank for each day during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure in respect of Letters of Credit issued by such Issuing Bank, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the amount of the LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of Letters of Credit issued by such Issuing Bank, as well as the Issuing Bank's standard

fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of Commitment Fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus (i) in the case of any ABR Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility (including each Swingline Loan), the ABR Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any ABR Borrowing under any Additional Incremental Facility, the Applicable Margin for ABR Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus (i) in the case of any Eurodollar Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility, the Eurodollar Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any Eurodollar Borrowing under any Additional Incremental Facility, the Applicable Margin for Eurodollar Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case

of overdue principal of any ABR Loan under the Revolving Facility, the Term Facility or the Incremental Facility, 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (ii) in the case of overdue principal of any Eurodollar Loan under the Revolving Facility, the Term Facility or the Incremental Facility, the higher of (x) 2% plus the highest Applicable Margin for Eurodollar Loans plus the Adjusted LIBO Rate applicable to such Eurodollar Loan on the day before payment was due and (y) the sum of 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (iii) in the case of overdue principal of or overdue interest on any Additional Incremental Loan of any Class, the rate set forth in the applicable Additional Incremental Facility Agreement and (iv) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in Section 2.13(a).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to Section 2.13(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the

Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), Swingline Lender or Issuing Bank; or

(ii) impose on any Lender, Swingline Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost (other than Taxes) to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Swingline Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Swingline Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swingline Lender's or Issuing Bank's capital or on the capital of such Lender's, Swingline Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender or Swingline Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Swingline Lender's or Issuing Bank's policies and the policies of such Lender's, Swingline Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, Swingline Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, Swingline Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.15(a) or 2.15(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender, Swingline Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, Swingline Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender, Swingline Lender or Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender, Swingline Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's, Swingline Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 15 days after the date of receipt of a written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the first payment by the Borrower under this Agreement to such Foreign Lender or Participant and from time to time thereafter as prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or

reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Notwithstanding anything expressed or implied to the contrary in this Agreement or any other Loan Document (including any schedule or exhibit to any of the foregoing), this Section 2.17 (and Section 10.04 insofar as it relates to this Section 2.17) shall constitute the complete and exclusive understanding of the parties in respect of all matters relating to any Taxes (including interest thereon, additions thereto and penalties in connection therewith).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 1:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Dallas, Texas, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day (unless, in the case of payments in respect of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (other than Swingline Loans) or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including without limitation pursuant to Section 2.11) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such

payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank or Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or 2.05(e), 2.06(b), 2.18(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements

and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, (i) as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply or (ii) such Lender elects to withdraw its request.

SECTION 2.20. Additional Incremental Facilities and Commitments. (a) At any time prior to December 31, 2002, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may request, on one or more occasions, by notice to the Administrative Agent and the Incremental Facility Arrangers, that one or more Lenders (and/or one or more other Persons which shall become Lenders as provided in Section 2.20(d) below) provide one or more additional facilities (each, an "Additional Incremental Facility"), each of which shall provide for commitments (the "Additional Incremental Commitments") in an aggregate amount of not less than $100,000,000 and all of which Additional Incremental Facilities shall provide for Additional Incremental Commitments in an aggregate amount not in excess of $500,000,000; provided that no Lender shall have any obligation to provide any Additional Incremental Commitment and any Lender (or any other Person which becomes a Lender pursuant to Section 2.20(d) below) may provide Additional Incremental Commitments without the consent of any other Lender.

(b) The maturity date, scheduled amortization and commitment reductions, mandatory prepayments and commitment reductions, interest rate, minimum borrowings and prepayments, commitment fees and other amounts payable in respect of any Additional Incremental Facility, and certain agent determinations, shall be as set forth in an agreement (an "Additional Incremental Facility Agreement") among the Loan Parties, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and the Lenders and other Persons agreeing to provide Additional Incremental Commitments thereunder; provided that any term Incremental Loans (the "Additional Incremental Term Loans") shall have a Weighted Average Life to Maturity of no less than the Weighted Average Life to Maturity of the Term Loans then outstanding and any revolving Incremental Commitment (the "Additional Incremental Revolving Commitments" and any loans made pursuant thereto, the "Additional Incremental Revolving Loans") shall have a Weighted Average Life to Maturity of not less than the Weighted Average Life to Maturity of the Revolving Commitments then outstanding.

(c) [Intentionally deleted]

(d) The effectiveness of any Additional Incremental Facility to be created under this Section 2.20, and the obligation of any Lender or other Person providing any Additional Incremental Commitment thereunder to make any Additional Incremental Loans pursuant thereto, is subject to, in addition to the conditions set forth in Article 4, the satisfaction of each of the following conditions: each Loan Party, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and each Lender or other Person providing Additional Incremental Commitments thereunder (each, an "Additional Incremental Lender") shall have executed and delivered to the Administrative Agent an Additional Incremental Facility Agreement with respect to such Additional Incremental Facility, (x) the Administrative Agent shall have received, and (y) the Administrative Agent shall have received for the respective accounts of any other agents and the Additional Incremental Lenders, all fees and other amounts payable by the Borrower in respect of such Additional Incremental Facility on or prior to such date of effectiveness and the Administrative Agent (or its counsel) shall have received such documents and certificates, and such legal opinions, as the Administrative Agent and the Incremental Facility Arrangers or their counsel shall reasonably request, including documents, certificates and legal opinions relating to the organization, existence and good standing of each Loan Party, the authorization of such Additional Incremental Facility and other legal matters relating to the Loan Parties or the Loan Documents (including the applicable Additional Incremental Facility Agreement). The Administrative Agent shall notify each Lender as to the effectiveness of each Additional Incremental Facility hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.1. Organization; Powers. Each of Holdings and the Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party,

when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents (if any), (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings or any Restricted Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Holdings or any Restricted Subsidiary or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Holdings or any Restricted Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any Restricted Subsidiary, except Liens created under the Loan Documents (if any).

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders Holdings' consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, reported on by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Holdings has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001, prepared giving effect to (x) the Transactions under the Incremental Facility and the Structured Note Financing and (y) the transactions described in clause (x) and, in addition, the sale of its Williams Communications Solutions business unit, as if such events had occurred on such date or on the first day of such fiscal year, as the case may be. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry, (iii) accurately reflect all adjustments necessary to give effect to the Transactions under the Incremental Facility and the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit, and (iv) present fairly, in all material respects, the pro forma financial position of Holdings and

the Subsidiaries as of such date and for such periods as if the Transactions, the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit had occurred on such date or at the beginning of such period, as the case may be.

(c) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of Holdings or any Restricted Subsidiary has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

(d) The projections delivered to the Lenders on the Amendment No. 5 Effective Date (the "Projections") were based on assumptions believed by the Borrower and Holdings in good faith to be reasonable when made and as of their date represented the Borrower's and Holdings' good faith estimate of future performance of Holdings and the Subsidiaries and of the Borrower and its consolidated subsidiaries.

(e) Since December 31, 2000, there has been no Material Adverse Change.

SECTION 3.5. Properties. (a) Each of Holdings and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties, if any), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Holdings or any Restricted Subsidiary is subject to any Lien other than Permitted Encumbrances, Liens created by the Collateral Documents (if any) and other Liens permitted under Section 6.02.

(b) Each of Holdings and the Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by Holdings, the Borrower or any other Loan Party (other than the Parent) as of the Effective Date after giving effect to the Transactions.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected,

individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.7. Compliance with Laws and Agreements. Each of Holdings and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. Investment and Holding Company Status. Neither Holdings nor any Restricted Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. Taxes. Each of Holdings and the Subsidiaries has timely filed or caused to be filed (or the Parent has filed or caused to be filed) all Tax returns and reports required to have been filed and has paid or caused to be paid (or the Parent has paid or caused to be paid) all Taxes required to have been paid by or with respect to it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting

such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings or any Restricted Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth the name of, and the direct or indirect ownership interest of Holdings or the Borrower in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings and the Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid.

SECTION 3.14. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Holdings or any Restricted Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. The hours worked by and payments made to employees of Holdings and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Holdings or any Restricted Subsidiary, or for which any claim may be made against Holdings or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Holdings or such Restricted Subsidiary. The consummation of the Transactions and the Reorganization has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Holdings or any Restricted Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Holdings or any Restricted Subsidiary is a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

SECTION 3.17. Representations in Loan Documents True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Holdings or any Restricted Subsidiary party thereto contained in any Loan Document is true and correct.

ARTICLE 4

CONDITIONS

SECTION 4.1. Effective Date. [Intentionally deleted]

SECTION 4.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents (excluding Section 3.04(b)) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in Sections 4.02(a), 4.02(b) and 4.03.

SECTION 4.3. First Incremental Borrowing Date with Respect to the Incremental Facility. The obligation of each Incremental Lender to make a Loan on the occasion of the First Incremental Borrowing Date is subject to the satisfaction of the following conditions (in addition to the conditions set forth in Section 4.02):

(a) The Spin-Off shall have been consummated.

(b) The Initial Collateral Date shall have occurred (or shall occur on the date of such Borrowing) and, prior to the making of any Loan on the occasion of such Borrowing, Holdings and the Borrower shall have complied with all of the provisions of Section 5.11A.

(c) The First Incremental Borrowing Date shall be no later than the date that is 180 days after the date of Amendment No. 5 Effective Date.

(d) The Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, from the Financial Officer of each of Holdings and the Borrower, certifying as to compliance of the matters specified in Sections 4.03(a) and 4.03(b).

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. Holdings and the Borrower will furnish to the Administrative Agent and each Lender:

(a) (i) within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement),

setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, (ii) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (iii) within 90 days after the end of each fiscal year of Holdings and the Borrower, (x) supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for the Borrower and Holdings and the consolidating adjustments with respect thereto and (y) segment reporting of EBITDA and Adjusted EBITDA with respect to each business segment of Holdings and the Subsidiaries and the Borrower and its consolidated subsidiaries consistent with the business segments reported on in the Notes Offering Registration Statement;

(b) (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' equity and cash flows of Holdings and the Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of Holdings as presenting fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited consolidated

balance sheets and related statements of operations, stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Section 5.01(a) or 5.01(b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating (x) compliance with Section 6.08 and Sections 6.15 through 6.19, including, if applicable, calculations showing capital contributions made by the Parent pursuant to Section 6.20 and the resulting effects on the Borrower's compliance with Section 6.08 and Sections 6.15 through 6.19 and (y) Additional Capital at such date, including detail as to the sources and uses of Additional Capital since June 30, 1999 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause 5.01(a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable after approval by the Board of Directors of the Parent and in any event not later than 120 days after the commencement of each fiscal year of the Borrower, a consolidated and consolidating budget of Holdings for such fiscal year and a consolidated budget of the Borrower for such fiscal year (including projected consolidated (and, in the case of Holdings, consolidating) balance sheets, related consolidated (and, in the case of Holdings, consolidating) statements of projected operations and cash flow as of the end of and for such fiscal year and segment information with respect to each of Holdings' and the Subsidiaries' and the Borrower's and its consolidated subsidiaries' business segments consistent with the categories of information provided with respect to Holdings' and the Subsidiaries' business segments

in the Notes Offering Registration Statement, together with projected EBITDA and Adjusted EBITDA for such segments) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any Restricted Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of the Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. Upon knowledge thereof, Holdings or the Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks

and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.4. Payment of Obligations. Each of Holdings and the Borrower (i) will, and will cause each other Restricted Subsidiary to, pay its Indebtedness and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such other Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, or permit any other Restricted Subsidiary to breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.6. Insurance. Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.7. Casualty and Condemnation. The Borrower will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any of Holdings' and the Restricted Subsidiaries' property or assets or the commencement of any action or proceeding for the taking of any of Holdings' and the Restricted Subsidiaries' property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding (in each case with a value in excess of $10,000,000) and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are applied, to the extent such Net Proceeds have not been utilized to repair, restore or replace such property or assets or to acquire other Telecommunications Assets within 360 days after such event, to prepay Loans and reduce Commitments as provided in Sections 2.11(b) and 2.08(f), respectively.

SECTION 5.8. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep proper

books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender at the expense of the Administrative Agent or Lender, as the case may be, or, if an Event of Default shall have occurred and be continuing, at the expense of the Borrower, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12.

SECTION 5.9. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each other Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit. (a) The proceeds of Loans will be used (i) for working capital requirements and general corporate purposes of the Borrower and the other Restricted Subsidiaries and (ii) to pay the fees and expenses associated with the Facilities.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11A. Initial Collateral Date. On the Initial Collateral Date, Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to:

(a) Deliver to the Administrative Agent duly executed counterparts of the Security Agreement, together with the following:

(i) duly executed counterparts of each supplemental agreement required to be executed and delivered by the terms of the Security Agreement (including, without limitation, any Patent Security Agreement, and Trademark Security Agreement and any Control Agreement, in each case as defined in the Security Agreement);

(ii) stock certificates representing any or all of the outstanding shares of capital stock or other Equity Interests of the Borrower and each Restricted Subsidiary and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(iii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(iv) a completed perfection certificate dated the Initial Collateral Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) Deliver to the Administrative Agent a favorable written opinion (addressed to the Agents, the Issuing Banks, the Swingline Lenders and the Lenders and dated the Initial Collateral Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent and the Incremental Facility Arrangers, (ii) the general counsel of Holdings and (iii) local counsel in the jurisdictions where the Borrower is incorporated and where its chief executive office is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

SECTION 5.11B. Collateral Event. If a Collateral Event shall have occurred and be continuing, the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may by written notice to the Borrower (a "Collateral Notice"), request, and Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to, within 30 days of the Borrowers' receipt of such Collateral Notice (such thirtieth day, a "Collateral Establishment Date"):

(a) Subject to subsection (d) of this Section 5.11B, deliver to the Administrative Agent duly executed counterparts of the Security Agreement (to the extent not previously delivered pursuant to Section 5.11A) and each other Collateral Document reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, in form and substance satisfactory to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, signed on behalf of Holdings, the Borrower and each Subsidiary Loan Party requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, together with (to the extent not previously delivered pursuant to Section 5.11A) such of the following as shall have been so requested:

(i) stock certificates representing any or all of the outstanding shares of capital stock of the Borrower and each other Subsidiary of Holdings owned by or on behalf of any Loan Party as of such Collateral Establishment Date (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66% of the outstanding shares of common stock of such Foreign Subsidiary) and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(ii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents; and

(iii) a completed perfection certificate dated such Collateral Establishment Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) If requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, on or before the thirtieth day following any Collateral Establishment Date or such later day as shall be acceptable to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders (a "Mortgage Establishment Date"), Holdings and the Borrower shall, and shall cause each other Restricted Subsidiary to, deliver to the Administrative Agent (i) counterparts of a Mortgage with respect to each Mortgaged Property as to which such request is made, in each case signed on behalf of the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company, insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Collateral Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, and (iii) such surveys, abstracts and appraisals as may be required pursuant to such Mortgages or as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request.

(c) On or before any Collateral Establishment Date or Mortgage Establishment Date, Holdings and the Borrower shall deliver a favorable written opinion (addressed to the Agents, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and the Lenders and dated on or prior to such Collateral Establishment Date or Mortgage Establishment Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent, (ii) the general counsel of Holdings and (iii) local counsel in each jurisdiction where any Collateral or Mortgaged Property is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

(d) Anything in this Agreement to the contrary notwithstanding, the Liens created under any Collateral Document may also secure, to the extent, but only to the extent, required under the indentures and other documents governing such Indebtedness (without taking into account any general exceptions to any such requirements contained in any such indentures and other documents), equally and ratably with some or all of the Obligations, the obligations of the Parent and Holdings under any public Indebtedness of either of them that, by its terms, requires that such Indebtedness be equally and ratably secured by such Liens.

(e) None of the Borrower, Holdings or any Restricted Subsidiary of Holdings shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.11B, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.12. Information Regarding Collateral. (a) (i) The Borrower will furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at

all times following such change to have a valid, legal and perfected security interest in all the Collateral; and (iii) Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, promptly notify the Administrative Agent if any material portion of the Collateral owned by it is damaged or destroyed.

(b) At the time of the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a), the Borrower shall also deliver to the Administrative Agent a certificate of a Financial Officer or the chief legal officer of the Borrower (i) setting forth the information required pursuant to the perfection certificate or confirming that there has been no change in such information since the date of the perfection certificate most recently delivered or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to Section 5.12 to the extent necessary to protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.13. Additional Subsidiaries. (a) If any additional Subsidiary is formed or acquired, Holdings and the Borrower will notify the Administrative Agent and the Lenders thereof and if such Subsidiary is a Subsidiary Loan Party, (i) cause such Subsidiary, within ten Business Days after such Subsidiary Loan Party is formed or acquired, to become a party to the Subsidiary Guarantee as an additional guarantor thereunder and to the Security Agreement as a "Lien Grantor" thereunder, (ii) deliver all stock certificates representing the capital stock or other Equity Interests of such Subsidiary to the Administrative Agent, together with stock powers and instruments of transfer, endorsed in blank, with respect to such certificates and (iii) take all actions required under the Security Agreement to perfect, register and/or record the Liens granted by it thereunder and the Lien on such capital stock or other Equity Interests or as may be reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders.

(b) If a Collateral Establishment Date has occurred and any Collateral Event is then continuing, such Subsidiary is a Subsidiary Loan Party and the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders so request in writing, Holdings and the Borrower shall (i) within 30 days after such Subsidiary is formed or acquired, cause such Subsidiary to become a party to such Collateral Documents (in addition to the Security Agreement) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall request and promptly take such actions as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request to create and perfect Liens on such of such Subsidiary's assets (in accordance with the standards set forth in Section 5.11B(a)) as the Administrative Agent,

the Incremental Facility Arrangers or the Required Lenders shall so request to secure its obligations under the Subsidiary Guarantee, and (ii) within 60 days after such Subsidiary is formed or acquired, cause such Subsidiary to enter into such Mortgage or Mortgages as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request with respect to any or all material real property owned by such Subsidiary to secure some or all of its obligations under the Subsidiary Guarantee and to take such actions (including, without limitation, actions of the type referred to in Section 5.11B(a)) with respect thereto as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request.

(c) None of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.13, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.14. Further Assurances. (a) On any date each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents required to be in effect on such date or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents required to be in effect on such date.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by Holdings, the Borrower or any Subsidiary Loan Party (other than assets constituting Collateral under any Collateral Document that become subject to the Lien of such Collateral Document automatically upon the acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, Holdings and the Borrower will, or will cause the applicable Restricted Subsidiary to, cause such assets to be subjected to a Lien securing some or all of the Obligations, as requested by the Administrative Agent, the Incremental Facility

Arrangers or the Required Lenders, and will take, and cause such Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders to grant and perfect such Liens, including actions described in Section 5.11B, all at the expense of the Loan Parties; provided that, none of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.14, a Lien on any of the following assets: (i) at any time prior to any Collateral Establishment Date, any assets of a type other than a type constituting "Collateral" under the form of Security Agreement set forth on Exhibit K hereto as in effect on the Amendment No. 4 Effective Date, (ii) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (iii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iv) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (iii) or (iv), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.15. Concentration Accounts. At all times after any Collateral Establishment Date and before a Collateral Release Date, Holdings and the Borrower will maintain Holdings' and each Restricted Subsidiary's principal concentration account with one or more Lenders.

SECTION 5.16. [Intentionally deleted]

SECTION 5.17. Sale of Solutions and ATL(a) Not later than September 30, 2001, Holdings and the Borrower shall have sold, or caused to be sold, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions (x) its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date (except for the portion of such unit described in clause (b) below) and (y) all of the capital stock of ATL held by the Borrower, Holdings or any of its Subsidiaries for fair market value and for Net Proceeds in cash in an aggregate amount of at least $700,000,000.

(b) Not later than December 31, 2001, Holdings and the Borrower shall have sold or otherwise disposed of, or caused to be sold or otherwise disposed of, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions, substantially all of the Canadian assets of its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date.

SECTION 5.18. Qualifying Issuances. Not later than December 31, 2001, the Borrower and/or Holdings shall have consummated Qualifying Issuances for Net Proceeds in cash in an aggregate amount of at least $500,000,000; provided that Net Proceeds in cash in an aggregate amount of not more than $350,000,000 shall have resulted from Qualifying Issuances described in clause (ii) or (iii) of the definition thereof.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.1. Indebtedness; Certain Equity Securities. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Holdings under Qualifying Holdings Debt;

(c) Indebtedness of Holdings under the High Yield Notes and refinancings thereof, provided that any Indebtedness issued in any such refinancing shall be on terms no less favorable to Holdings and its Restricted Subsidiaries than the High Yield Notes, shall be in an aggregate principal amount no greater than the High Yield Notes refinanced and shall not require any payment of principal thereof (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date;

(d) ADP Outstandings in an aggregate amount not to exceed $750,000,000 at any time outstanding;

(e) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decrease the Weighted Average Life to Maturity thereof;

(f) Indebtedness of Holdings to any Subsidiary and of any Restricted Subsidiary to any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04;

(g) Guarantees by Holdings of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by Holdings, the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(h) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into a Restricted Subsidiary after the date hereof (provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary) and extensions, renewals or replacements of any such Indebtedness that do not increase the principal amount thereof or result in an earlier maturity date or decreased Weighted Average Life to Maturity thereof;

(i) Indebtedness in respect of performance, surety or appeal bonds and Guarantees incurred or provided in the ordinary course of business securing the performance of contractual, franchise, lease, self-insurance or license obligations and not in connection with an incurrence of Indebtedness;

(j) Indebtedness in respect of customary agreements providing for indemnification, purchase price adjustments after closing or similar obligations in connection with the disposition of any assets (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition); provided that (i) any such disposition is permitted by Section 6.05, (ii) the aggregate principal amount of such Indebtedness does not exceed the gross proceeds actually received by Holdings or any Restricted Subsidiary in connection with such disposition and (iii) to the extent the gross proceeds thereof constitute Net Proceeds hereunder, such Net Proceeds are applied in accordance with Sections 2.08(f) and 2.11(b);

(k) Indebtedness of Holdings and the Restricted Subsidiaries pursuant to Hedging Agreements entered into with Lenders or their affiliates in the ordinary course of business and not for speculative purposes;

(l) [Intentionally deleted];

(m) [Intentionally deleted];

(n) [Intentionally deleted];

(o) other Indebtedness of Holdings or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, not exceeding 15% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time;

(p) Indebtedness of the Borrower consisting of Qualifying Borrower Indebtedness;

(q) Permitted Specified Security Hedging Transactions;

(r) Indebtedness of Holdings or the Borrower incurred pursuant to a Qualifying Issuance; provided that the aggregate Net Proceeds in cash received by Holdings and/or the Borrower from the issuance of such Indebtedness, plus the Net Proceeds in cash from any Sale and Leaseback Transaction constituting a Qualifying Issuance shall not exceed $350,000,000;

(s) Indebtedness with respect to industrial revenue bonds issued for the benefit of the Borrower, Holdings or any Restricted Subsidiary in an aggregate principal or face amount not to exceed $50,000,000;

(t) unsecured Indebtedness of Holdings in an aggregate principal amount not to exceed $100,000,000 incurred prior to the consummation of the Structured Note Financing so long as (i) the proceeds of such Indebtedness are used solely to make the capital contributions described in Section 6.04(u) and (ii) the terms and conditions of any such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof;

(u) unsecured Indebtedness of Holdings owed to the Structured Note Trust in an aggregate principal amount up to $1,500,000,000 in connection with the consummation of the Structured Note Financing, so long as the terms and conditions of such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof; and

(v) on any date on or after the Leverage Target Date, Indebtedness of the Borrower owing to a Receivables Subsidiary under a Permitted Receivables Financing;

provided that, notwithstanding anything in this Agreement to the contrary, the Borrower and the other Restricted Subsidiaries may not Guarantee any Indebtedness of Holdings under (i) the High Yield Notes or (ii) any Qualifying Holdings Debt.

SECTION 6.2. Liens. (a) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents (including, without limitation, Liens securing Indebtedness of Holdings and the Parent created thereunder in accordance with Section 5.11B(d));

(ii) Permitted Encumbrances;

(iii) Liens on any ADP Property securing only ADP Obligations;

(iv) any Lien on any property or asset of Holdings or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of Holdings or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(v) any Lien existing on any property or asset prior to the acquisition thereof by Holdings or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of Holdings or any Restricted Subsidiary and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(vi) Liens in favor of the Borrower or any Subsidiary Loan Party;

(vii) Liens on property of Holdings or any Restricted Subsidiary consisting of, or securing, licenses of such property;

(viii) Liens of a Specified Security securing Permitted Specified Security Hedging Transactions with respect to such Specified Security;

(ix) on any date on or after the Leverage Target Date, Liens created in connection with Permitted Receivables Financings, including, without limitation, Liens on proceeds in any form and bank accounts in which any such proceeds are deposited; provided that, except for the assets transferred pursuant to Permitted Receivables Dispositions made in connection with such Permitted Receivables Financings, no such Lien may extend to any assets of Borrower or any Subsidiary of the Borrower that is not a Receivables Subsidiary; and

(x) other Liens securing Indebtedness at any time outstanding that, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, does not exceed 5% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time.

(b) Notwithstanding anything to the contrary contained herein, Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur,

assume or permit to exist any Lien on any of its assets to secure (i) except in accordance with Section 5.11B(d), any obligations in respect of the High Yield Notes or any refinancing thereof, permitted under Section 6.01(c), or (ii) except in accordance with Section 5.11B(d), any Qualifying Holdings Debt.

SECTION 6.3. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any other Restricted Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than (i) the ownership of all of the outstanding Equity Interests in the Borrower, (ii) the issuance of the High Yield Notes, (iii) issuances of Qualifying Holdings Debt, (iv) issuances of its Equity Interests, (v) the holding of 100% of the Equity Interests of any Unrestricted Subsidiary which is engaged exclusively in the buying, selling and trading of telecommunications services as a commodity on a developing or an established market (a "Trading Subsidiary") and (vi) the holding of Qualifying Borrower Indebtedness permitted under Section 6.01(q) and, with respect to each of the foregoing, activities incidental thereto. Holdings will not own or acquire any assets (other than Qualifying Equity Interests in the Borrower, Qualifying Borrower Indebtedness, Equity Interests in any Trading Subsidiary, cash and Cash Equivalent Investments) or incur any liabilities (other than liabilities under the Loan Documents, liabilities in respect of the High Yield Notes, liabilities in respect of Qualified Holdings Debt permitted hereunder, liabilities in respect of the Structured Note Financing, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

SECTION 6.4. Investments, Loans, Advances, Guarantees and Acquisitions . Holdings will not, and will not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any capital stock, evidences of indebtedness

or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Cash Equivalent Investments;

(b) Investments existing on the date hereof and set forth on Schedule 6.04;

(c) Investments by Holdings and the Restricted Subsidiaries in Equity Interests in Subsidiaries; provided that, (i) the aggregate amount of Investments by Loan Parties in, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (including, without limitation, any Deemed Subsidiary Investment pursuant to Section 6.14) shall be subject to the proviso to this Section 6.04 and (ii) all Equity Interests acquired or held by Holdings pursuant to this Section 6.04(c) shall be Qualifying Equity Interests in the Borrower or Equity Interests in a Trading Subsidiary;

(d) loans or advances made by Holdings to any Restricted Subsidiary and made by any Restricted Subsidiary to any other Restricted Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the proviso to this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that (i) no Restricted Subsidiary shall Guarantee any High Yield Notes, any Indebtedness of Holdings or the Borrower constituting a Qualifying Issuance or Qualifying Holdings Debt and (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the proviso to this Section 6.04;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) acquisitions by the Borrower of ADP Property for consideration paid on and prior to any date not exceeding Additional Capital as of such date; minus (i) Investments permitted under clause (ii) of the proviso to this Section 6.04 made on or prior to such date and (iii) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date;

(h) Hedging Agreements permitted under Section 6.01(k);

(i) Capital Expenditures made in accordance with Section 6.08;

(j) subject to the proviso to this Section 6.04, Investments in the Telecommunications Business;

(k) subject to the proviso to this Section 6.04, Investments in Existing International Joint Ventures; provided that the acquisition by Holdings or any Restricted Subsidiary of any equity interest in Algar Telecom S.A. (formerly known as Lightel S.A.) owned by the Parent or its subsidiaries (other than Holdings and the Subsidiaries) shall not be permitted under this clause (k) but shall only be permitted under clause (p) of this Section 6.04;

(l) exchanges and substitutions of ADP Property for like property which take place prior to the occurrence of the Completion Date, the Expiration Date, the Termination Date, or an ADP Event of Default, Environmental Trigger or Unwind Event under the Operative Documents;

(m) any Investment by a Restricted Subsidiary in any Person engaged in the Telecommunication Business if such Investment is made in connection with an agreement by such Person to utilize certain of the Borrower's or the Subsidiary Loan Parties' Telecommunications Business, provided that, at any date, (i) the aggregate amount of Investments made in all such Persons at any time outstanding pursuant to this paragraph (m) (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of such Person, but net of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment) shall not exceed 15% of Consolidated Assets at such time and (ii) the aggregate amount of such Investments made in all such Persons with cash or Cash Equivalent Investments that are at any time outstanding pursuant to this paragraph (m) shall not exceed 5% of Consolidated Assets;

(n) (i) loans to directors, officers and employees of Holdings or any Restricted Subsidiary all of the proceeds of which are used (A) to pay relocation expenses of any such director, officer or employee or (B) to purchase Equity Interests in Holdings pursuant to and in accordance with stock option plans or other benefit plans for directors, officers and employees of Holdings and its Restricted Subsidiaries, provided that, in the case of any of the Loans referred to in this subclause (B), any proceeds to Holdings of any such purchases of Equity Interests shall be contributed to the Borrower and (ii) other loans to directors, officers and employees of Holdings and its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(o) trade accounts receivable for goods sold or services provided arising in the ordinary course of business and on customary payment terms (not to exceed 120 days after the date such receivables are accrued in accordance with GAAP);

(p) Investments for which the consideration paid by Holdings and its Restricted Subsidiaries consists exclusively of Qualifying Equity Interests in Holdings;

(q) Investments made in any Person (a "REINVESTMENT PERSON") in whom the Borrower or any of its Subsidiaries has, or at any time after the Closing Date had, an Investment permitted under clause (b), (f) or (p) above or this clause (q) (an "ORIGINAL INVESTMENT"); provided that the aggregate amount of Investments in any Reinvestment Person permitted under this clause (q) may not exceed the aggregate amount of the cash proceeds received, within 270 days prior to the making of such Investment, by the Borrower and its Subsidiaries from sales or other dispositions of, or distributions with respect to Original Investments in such Reinvestment Person;

(r) Permitted Specified Security Hedging Transactions; and

(s) Investments in Persons that become Subsidiary Loan Parties if such Persons, prior to such Investments, were engaged principally in the transmission of voice, video or data through or over owned or leased fiber optic cable and/or the holding, developing or constructing of assets or technology used therein;

(t) Letters of Credit to support obligations of a Trading Subsidiary incurred in the ordinary course of business; and

(u) capital contributions made by Holdings to the Borrower and by the Borrower to the Structured Note Trust, in each case in an aggregate principal amount not to exceed $100,000,000 and in order to consummate the Structured Note Financing;

(v) Investments in Receivables Subsidiaries made in connection with Permitted Receivables Financings;

provided that the aggregate amount of all Investments (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of the Person in which such Investment is held), but net, in case of each such Investment (but not below zero), of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment and any proceeds received upon any disposition (other than a disposition to Holdings or any of its Subsidiaries or the Parent or any of its Subsidiaries) of such Investment, made pursuant to Sections 6.04(j) and 6.04(k) on or prior to any date, or referred to in Section 6.04(c)(i), the proviso to Section 6.04(d) and Section 6.04(e)(ii) and made on or prior to such date, shall not exceed the sum of an amount (which amount, for purposes of this proviso only, shall not be less than zero) equal to (x) the amount of Additional Capital as of such date minus (y) (A) acquisitions of ADP Property permitted under Section 6.04(g) made on or prior to such date and (B) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date.

SECTION 6.5. Asset Sales. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any

asset, including any Equity Interests owned by it, nor will Holdings permit any of its Restricted Subsidiaries to issue any additional Equity Interests, except:

(a) sales, transfers, leases or other dispositions of fiber optic cable capacity, sales of inventory, and sales of used or surplus equipment and Cash Equivalent Investments, in each case in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) issuances to the Borrower or any other Restricted Subsidiary of Equity Interests in any Restricted Subsidiary other than the Borrower;

(d) issuances to Holdings by the Borrower of Qualifying Equity Interests in the Borrower;

(e) Permitted Telecommunications Asset Dispositions;

(f) sales, transfers and dispositions of assets to the extent constituting Investments permitted under Section 6.04;

(g) Restricted Payments permitted under Section 6.07(a) and payments of principal and interest permitted under Section 6.07(b);

(h) the sale, transfer or other dispositions required by Section 5.17 or 5.18;

(i) any transfer of Receivables and Related Transferred Rights (each as defined in the Security Agreement attached hereto as Exhibit K) in order to consummate a Permitted Receivables Transaction or to transfer such assets pursuant to a factoring arrangement; and

(j) sales, transfers and dispositions of assets (other than Telecommunications Assets) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this Section 6.05(j) shall not exceed $25,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under Sections 6.05(e) and 6.05(j) shall be made (x) for fair value and (y) only if at least 75% of the consideration paid therefor is cash or Cash Equivalent Investments (or, if less than 75%, the remainder of such consideration consists of Telecommunications Assets).

SECTION 6.6. Sale and Leaseback Transactions. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, enter into any arrangement,

directly or indirectly, whereby it shall (a) sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred or (b) lease any property, real or personal, from any entity substantially all of whose activities consist of acquiring, constructing or developing property to be leased to Holdings and the Restricted Subsidiaries pursuant to leases intended to cover, and measured by the cost of or the financing incurred by such entity to finance, such property (the transactions referred to in clause (a) and (b) being collectively referred to as "Sale and Leaseback Transactions"), except for (i) sales and leases of ADP Property pursuant to the ADP in respect of ADP Outstandings not to exceed $750,000,000 at any time outstanding and (ii) (x) any such sale referred to in clause (a) above of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 270 days after the Borrower or such other Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (y) any such lease referred to in clause (b) above providing for rental payments measured by the cost of the property leased or the financing incurred by the lessor thereof to acquire, construct or develop the property so leased; provided that the sum of the aggregate amount of Attributable Debt in respect of all such Sale and Leaseback Transactions permitted under this clause (ii) at any time outstanding (other than any such Attributable Debt with respect to any Sale and Leaseback Transaction constituting a Qualifying Issuance) and the aggregate amount of Indebtedness secured by Liens permitted by Section 6.02(a)(viii) at such time outstanding shall not exceed 5% of consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time. For purposes of determining compliance with the proviso set forth in the immediately preceding sentence, Capital Lease Obligations shall not in any event be included in the calculation of "Attributable Debt."

SECTION 6.7. Restricted Payments; Certain Payments of Indebtedness. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or enter into any transaction the economic effect of which is substantially similar to any Restricted Payment, except (i) Holdings and the Borrower may declare and pay dividends with respect to their capital stock payable solely in additional shares of their respective common stock, (ii) Restricted Subsidiaries (other than the Borrower) may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $3,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Holdings and the Restricted Subsidiaries; (iv) so long as no Default shall have occurred and be continuing or result from the making of such payment, the Borrower may pay dividends to Holdings at such times and in such amounts as shall be necessary to permit Holdings to discharge, to the extent permitted hereunder, its permitted liabilities; (v) on and after the Leverage Target Date, Holdings may declare and pay dividends in cash with respect to its convertible preferred stock outstanding as of the Amendment No. 4 Effective Date in an amount not exceeding

$40,000,000 in any fiscal year and the Borrower may declare and pay dividends to Holdings to permit Holdings to declare and pay such dividends and (vi) at any time after the consummation of the Structured Note Financing, the Borrower may declare and pay a dividend to Holdings so long as (x) the aggregate amount of such dividend shall not exceed the principal amount of the Structured Note Bridge Indebtedness outstanding at the time such dividend is paid plus accrued interest thereon, (y) no Default has occurred and is continuing or would result therefrom and (z) immediately upon receipt thereof, Holdings shall apply all of the proceeds of such dividend to repay in full the Structured Note Bridge Indebtedness then outstanding.

(b) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, make, directly or indirectly, any voluntary payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any High Yield Notes, any Qualifying Holdings Debt or any Qualifying Borrower Indebtedness (collectively "Specified Indebtedness"), or any voluntary payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Specified Indebtedness (or enter into any transaction the economic effect of which is substantially similar to any of the foregoing), except, provided no Default has occurred and is continuing or would result therefrom, payments of regularly scheduled interest as and when due in respect of any Specified Indebtedness other than Qualifying Borrower Indebtedness.

SECTION 6.8. Limitation on Capital Expenditures. (a) Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) for any fiscal year set forth below shall not exceed the amount set forth below opposite such fiscal year:

FISCAL YEAR	AMOUNT
2001	$2,750,000,000
2002	$2,500,000,000
2003	$2,250,000,000
2004	$2,250,000,000
2005	$2,250,000,000
2006 and each fiscal year thereafter	$2,800,000,000

provided that if the aggregate amount of Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) actually made in any such period or fiscal year shall be less than the limit with respect thereto set forth above (before giving effect to any increase therein pursuant to this proviso) (the "Base Amount"), then an amount equal to 50% of such shortfall may be added to the amount of such Capital Expenditures permitted for the immediately succeeding fiscal year (such amount to be added for any fiscal year, the "Rollover Amount"); provided further that any Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) made during any fiscal year for which any Rollover Amount shall have been so added

shall be applied, first, to the Rollover Amount added for such fiscal year and, second, to the Base Amount for such fiscal year.

(b) In addition to Capital Expenditures permitted under Section 6.08(a) above, Holdings and the Restricted Subsidiaries may make (i) Capital Expenditures consisting of acquisitions of ADP Property permitted under Section 6.04(g) or 6.04(l) and (ii) Capital Expenditures on any date after the Amendment No. 4 Effective Date in an aggregate amount not to exceed Additional Capital as of such date minus (A) Investments permitted under clause (ii) of the proviso to Section 6.04 made on or prior to such date and (B) purchases of ADP Property permitted under Section 6.04(g) made on or prior to such date.

SECTION 6.9. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their respective Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to Holdings, the Borrower or such other Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.07 and (d) transactions required to be effected pursuant to, and on terms provided for in, existing agreements (as in effect on the date hereof) listed in Schedule 6.09 hereto.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, the High Yield Notes or, to the extent that any such restrictions therein, taken as a whole, are no more restrictive than those contained in the High Yield Notes, any Qualifying Holdings Debt, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.10(a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness

and (v) Section 6.10(a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Fiscal Year. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, change its fiscal year from a fiscal year ending December 31.

SECTION 6.12. Change in Business. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, engage in any material line of business other than the Telecommunications Business.

SECTION 6.13. Amendment of Material Documents. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, without the prior written consent of the Required Lenders, consent to any amendment, modification or waiver of (a) its certificate of incorporation, by-laws or other organizational documents (except for the filing of a Certificate of Designation with the Secretary of State of Delaware relating to the issuance of preferred securities that are Qualifying Equity Interests of such Person, to the extent provided for in its certificate of incorporation, by-laws or other organizational documents), (b) the Other Financing Documents, (c) any agreements governing any Qualifying Holdings Debt, (d) the Parent Indemnity or (e) the Operative Documents, in each of the foregoing cases if such amendment, modification of waiver could reasonably be expected to have (i) an adverse effect on the ability of any Loan Party to perform any of its obligations under any Loan Document or the rights of, or benefits available to, the Lenders under any Loan Document or (ii) a Material Adverse Effect.

SECTION 6.14. Designation of Unrestricted Subsidiaries. Holdings and the Borrower will not designate any Restricted Subsidiary (other than a newly created Subsidiary in which no Investment has previously been made) as an Unrestricted Subsidiary (a "Subsidiary Designation") unless:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Subsidiary Designation;

(ii) after giving effect to such Subsidiary Designation, Holdings would be in compliance with the covenants contained in Section 6.08 and Sections 6.15 through 6.19 on a pro forma basis as if such Subsidiary Designation had been made on the first day of the period of four fiscal quarters most recently ended in respect of which financial statements have been delivered by the Company pursuant to Section 5.01(a) or 5.01(b);

(iii) Holdings has delivered to the Administrative Agent (x) written notice of such Subsidiary Designation and (y) a certificate of a Financial Officer setting forth in reasonable detail calculations demonstrating pro forma compliance with the financial covenants contained in Section 6.08 and Sections 6.15 through 6.19, as required by clause (ii) above; and

(iv) on the date of such Subsidiary Designation, Holdings and the Borrower would not be prohibited by Section 6.04(c) and the proviso to Section 6.04 from making an Investment (a "Deemed Subsidiary Investment") in an aggregate amount equal to the fair market value (valued at the date of such Subsidiary Designation) of (x) the net assets of such Restricted Subsidiary or (y) if less than 100% of the Equity Interests in such Restricted Subsidiary are held by Holdings and its Restricted Subsidiaries, in an aggregate amount equal to the percentage interest of Holdings and the Restricted Subsidiaries in such net assets.

Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to (x) Guarantee any Indebtedness of any Unrestricted Subsidiary, (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any other Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause such Indebtedness or the payment thereof to be accelerated, payable or subject to repurchase prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Indebtedness that is Indebtedness of an Unrestricted Subsidiary, except in the case of clause (x) or (y) to the extent permitted under Section 6.01 and Section 6.04 hereof. In no event may the Borrower be designated as an Unrestricted Subsidiary.

SECTION 6.15. Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital Ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

SECTION 6.16. Minimum EBITDA. The amount equal to (i) EBITDA for the period of four fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

SECTION 6.17. Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

SECTION 6.18. Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

SECTION 6.19. Interest Coverage Ratio. The Interest Coverage Ratio for any period of four consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

SECTION 6.20. Financial Covenant Non-Compliance Cure. (a) At any time prior to the consummation of the Spin-Off, in the event that Holdings and the Restricted Subsidiaries fail to comply with any of Sections 6.15 through 6.19, inclusive, for any period or on any date set forth therein, the Parent shall have the right, but not the obligation, to make, within three Business Days of the date upon which financial statements as of the last day of such period are delivered or required to be delivered pursuant to Section 5.01(a) or (b), a cash equity contribution to Holdings in exchange for Qualifying Equity Interests of Holdings (which Holdings shall thereupon contribute to the Borrower, in exchange for Qualifying Equity Interests of the Borrower) to cure such failure.

(b) If such contribution is made to cure a failure to comply with the covenant contained in Section 6.16, such contribution shall be in an amount sufficient, when added to EBITDA for the applicable period, to enable Holdings and the Restricted Subsidiaries to comply with such covenant on a consolidated basis. Upon the making of any such capital contribution to Holdings and to the Borrower in the amount specified above, the amount so contributed (to the extent, but only to the extent, of the shortfall in EBITDA for the applicable period) shall thereafter be deemed to have been EBITDA in the last fiscal quarter of such period for purposes of all calculations in respect of compliance with Section 6.16 thereafter.

(c) If such contribution is made to cure a failure to comply with a covenant contained in Section 6.15, 6.17, 6.18 or 6.19, such contribution shall be in an amount sufficient, when applied to repay or prepay Indebtedness of Holdings and the Restricted Subsidiaries, to enable Holdings and the Restricted Subsidiaries, on a pro forma basis after giving effect to such contribution and application, to comply with such covenant on a consolidated basis.

(d) The right to cure provided in this Section 6.20 may not be exercised in respect of more than two consecutive quarters or more than three times in the aggregate during the term of the Facilities.

ARTICLE 7

EVENTS OF DEFAULT

SECTION 7.1. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.01(a)) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent or any Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d)(i) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.10, 5.11A, 5.11B, 5.13, 5.17, 5.18 or in Article 6, or (i) such failure shall continue unremedied for a period of 30 days after the earlier to occur of (x) knowledge thereof by any Loan Party or (y) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Sections 7.01(a), 7.01(b) or 7.01(d)), and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) knowledge thereof by any Loan Party or (ii) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (subject to any applicable grace period);

(g) any event or condition occurs that results in any Material Indebtedness or Permitted Receivables Financing becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or Permitted Receivables Financing or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Receivables Financing to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.01(g) shall not apply to secured Indebtedness permitted hereunder that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Holdings, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings and the Restricted Subsidiaries in an aggregate amount exceeding $25,000,000 for all periods;

(m) any Lien (if any) purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral having a fair market value in excess of $1,000,000, with the priority required by the applicable Collateral Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) pursuant to a Collateral Release Event;

(n) any Guarantee by Holdings or any Subsidiary Loan Party under any Loan Document shall cease for any reason (other than the merger out of existence of such Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of such Guarantee) to be in full force and effect, or Holdings or any Subsidiary Loan Party shall so assert in writing;

(o) a Change in Control shall occur; and

(p) at any time prior to the consummation of the Spin-Off, the senior unsecured long-term debt of the Parent shall be rated less than BBB- by S&P or less than Baa3 by Moody's;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other

notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in the case of any event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

ARTICLE 8

THE AGENTS

SECTION 8.1. Appointment, Powers, Immunities. (a) Each Lender, Swingline Lender and Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) The institutions serving as Agents hereunder shall have the same rights and powers in their capacities as Lenders, Swingline Lenders or Issuing Banks, as the case may be, as any other Lenders, Swingline Lenders or Issuing Banks and may exercise the same as though they were not Agents, and each such institution and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

(c) The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that an Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (iii) except as expressly set forth in the Loan Documents, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any Subsidiary that is communicated to or obtained by any institution serving as an Agent or any of its affiliates in any capacity.

(d) No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or wilful misconduct.

(e) No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than, in the case of the Administrative Agent, to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.2. Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.3. Delegation to Sub-Agents. Each Agent may perform any and all of its duties and exercise any of its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agents may perform any and all of their duties and exercise rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

SECTION 8.4. Resignation of Agents. Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Agent which shall be a bank organized under the laws of the United States or any State thereof, having (x) an office in any State of the United States and (y) capital, surplus and undivided profits aggregating at least $200,000,000, or an affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights,

powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

SECTION 8.5. Non-reliance on Agents or other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent, any Issuing Bank or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

SECTION 8.6. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents. Notwithstanding anything in this Agreement or any Loan Document to the contrary, the Syndication Agent, the Incremental Facility Arrangers and the Co-Documentation Agents shall have no obligation or responsibility as such hereunder other than, in the case of the Syndication Agent or the Incremental Facility Arrangers, as expressly set forth herein.

ARTICLE 9

HOLDINGS GUARANTEE

SECTION 9.1. The Guarantee. Holdings unconditionally and irrevocably guarantees the full and punctual payment of all present and future indebtedness and other obligations of the Borrower evidenced by or arising under any Loan Document and all present and future indebtedness and other obligations of the Borrower or any other Restricted Subsidiary under any Hedging Agreement permitted under Section 6.01 (a "Specified Hedging Agreement") as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, according to the terms hereof and thereof (including, without limitation, any Post-Petition Interest). If the Borrower or any other Restricted Subsidiary fails punctually to pay any indebtedness or other obligation guaranteed hereby which is due and payable, Holdings unconditionally agrees to cause such payment to be made punctually as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, and as if such payment were made by the Borrower or such other Restricted Subsidiary.

SECTION 9.2. Guarantee Unconditional. The obligations of Holdings under this Article 9 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Loan Party under any Loan Document or Specified Hedging Agreement, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to any Loan Document or Specified Hedging Agreement;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security, or of any guarantee or other liability of any third party, for any obligation of the Borrower or any Loan Party under any Loan Document or Specified Hedging Agreement;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Loan Party or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Loan Party or its assets, or any resulting release or discharge of any obligation of the Borrower or any other Loan Party contained in any Loan Document or Specified Hedging Agreement;

(e) the existence of any claim, set-off or other rights which Holdings may have at any time against the Borrower or any other Loan Party, any Agent, any Issuing Bank, any Lender or any other Person, whether or not arising in connection herewith or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document or Specified Hedging Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by any other Loan Party of any amount payable by it under any Loan Document or Specified Hedging Agreement; or

(g) any other act or omission to act or delay of any kind by any other Loan Party, any Lender or any other Person or any other circumstance that might, but for the provisions of this Section, constitute a legal or equitable discharge of Holdings' obligations under this Article 9.

SECTION 9.3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Holdings' obligations under this Article 9 constitute a continuing guaranty and shall remain in full force and effect until the Commitments shall have been terminated, all Letters of Credit shall have expired or been terminated, all Specified

Hedging Agreements shall have been terminated and all amounts payable under the Loan Documents and the Specified Hedging Agreements shall have been indefeasibly paid in full. If at any time any amount payable by the Borrower under any Loan Document or by the Borrower or any other Restricted Subsidiary under any Specified Hedging Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, Holdings' obligations under this Article 9 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

SECTION 9.4. Waiver. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Restricted Subsidiary or any other Person.

SECTION 9.5. Subrogation. When Holdings makes any payment under this Article 9 with respect to the obligations of the Borrower or any other Restricted Subsidiary, Holdings shall be subrogated to the rights of the payee against the Borrower or such other Restricted Subsidiary with respect to the portion of such obligations paid by Holdings; provided that Holdings shall not enforce any payment by way of subrogation or contribution against the Borrower or any Subsidiary so long as any amount payable under any Loan Document or Specified Hedging Agreement remains unpaid.

SECTION 9.6. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Loan Party under any Loan Document or Specified Hedging Agreement is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party, all such amounts otherwise subject to acceleration under the terms of such Loan Document or Specified Hedging Agreement shall nonetheless be payable by Holdings under this Article 9 forthwith on demand by the Administrative Agent made, in the case of any Loans, at the request of the requisite number of Lenders specified in Section 7.01 hereof or, in the case of obligations under a Specified Hedging Agreement, at the request of the relevant Lender or Lenders or affiliate or affiliates of such Lender or Lenders.

SECTION 9.7. Successors and Assigns. This guarantee is for the benefit of the Lenders, the Hedge Counterparties and their respective successors and assigns. If any Loans, participations in Letters of Credit or Swingline Loans or other amounts payable under the Loan Documents are assigned pursuant to Section 10.04 of the Credit Agreement, or any rights under any Specified Hedging Agreement are assigned pursuant thereto, the rights under this Article 9, to the extent applicable to the indebtedness so assigned, shall be transferred with such indebtedness.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Holdings or the Borrower, to it at Williams Communications Group, Inc., One Williams Center, Suite 2600, Tulsa, Oklahoma 74172, Attention of (other than administrative notices) Scott E. Schubert (Telecopy No. 918-573-6024) or (for administrative notices) Attention of Kerri Lyle (Telecopy No. 918-573-6558);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 901 Main Street, Dallas, Texas 75202, Attention of (other than Borrowing Requests) Pamela Kurtzman, 64th Floor (Telecopy No. (214) 209-9390) or (for Borrowing Requests) Judy Schneidmiller, 14th Floor (Telecopy No. 214-209-2118);

(c) if to Bank of America, as Issuing Bank, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(d) if to Chase, as Issuing Bank, to it at 270 Park Avenue, 37th Floor, New York, New York 10017, Attention of Joe Brusco (Telecopy No. 212-270-4164);

(e) if to Bank of America, as Swingline Lender, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(f) if to Chase, as Swingline Lender, to it at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Winslowe Ogbourne (Telecopy No. 212-552-5700); and

(g) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks, the Swingline

Lenders and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender, any Issuing Bank or any Swingline Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or substantially all of the Subsidiary Loan Parties from their respective Guarantees hereunder under the Subsidiary Guarantee (except as expressly provided herein or therein), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) change any condition set forth in Section 4.03 without the written consent of each Incremental Lender, or (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to, or requirements to make loans by, Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class; provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or any Swingline Lender without the prior written consent of the Administrative Agent, the affected Issuing Bank or the affected Swingline Lender, as the case may be, and (B) any

waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders with Commitments or Loans of any Class or Classes (but not Lenders with Commitments or Loans of any other Class or Classes) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and the requisite percentage in interest of the Lenders with Commitments or Loans of the affected Class or Classes.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers and their respective affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank, any Swingline Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Incremental Facility Arrangers and the Syndication Agent, any Issuing Bank, any Swingline Lender or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings or any Subsidiary, or any Environmental Liability related in any way to Holdings or any Subsidiary, or (iv) any actual or prospective claim, litigation,

investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender under Sections 10.03(a) or 10.03(b), each Lender severally agrees to pay to the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Loans (other than Revolving Loans) and unused Commitments (other than Revolving Commitments) at the time.

(d) To the extent permitted by applicable law, Holdings and the Borrower will not and will not permit any other Restricted Subsidiary to assert, and each hereby waives for itself and on behalf of its subsidiaries, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, each Issuing Bank and each Swingline Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative

Agent, the Issuing Banks, the Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) each of the Borrower (except in the case of an assignment to a Lender or an affiliate of a Lender) and Administrative Agent (except in the case of an assignment to an affiliate of a Lender) (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Banks and the Swingline Lenders) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, after giving effect to such assignment, the amount of the Commitments or Loans of each Class held by each of the assignor Lender and its affiliates and the assignee Lender and its affiliates (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this Section 10.04(b)(iii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (iv) the parties to each assignment (excluding any assignment by a Lender to an affiliate of such Lender) shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, (v) the parties to each assignment by a Lender to an affiliate of such Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,500, (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (vii) the Incremental Facility Arrangers shall be notified by the Administrative Agent of any assignment of the Incremental Facility; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to Section 10.04(d), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a

participation in such rights and obligations in accordance with Section 10.04(e). Each Lender that is an investment fund hereby agrees to notify the Administrative Agent and the Incremental Facility Arrangers of any change of the identity of the investment manager for such fund.

(2) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC that, at the time of such proposed amendment, has an outstanding Loan or Loans to the Borrower. For purposes of Section 10.02 of this Agreement and any other provision of any Loan Document requiring the consent or approval of any Lender, the Granting Lender shall, notwithstanding the funding of any Loans by any SPC, have the sole right to consent to or approve any waiver or amendment of any provision of this Agreement or any other Loan Document or to exercise any other right to consent or to grant approval under any Loan Document.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in any State of the United States, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of

the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank, any Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.04(b) and any written consent to such assignment required by Section 10.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to Section 10.04(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that

would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank and Swingline Lender and each of their respective affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, Issuing Bank, Swingline Lender or affiliate to or for the credit or the account of the Borrower or Holdings against any and all of the obligations of the Borrower or Holdings, as the case may be, now or hereafter existing under this Agreement held by such Lender, Issuing Bank or Swingline Lender, irrespective of whether or not such Lender, Issuing Bank or Swingline Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, Issuing Bank and Swingline Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender, Issuing Bank or Swingline Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings used herein and the Table of Contents are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' (other than affiliates that are direct competitors of any material business of Holdings and the Restricted Subsidiaries) directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit,

action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (other than a direct competitor of any material business of Holdings and the Restricted Subsidiaries), (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WILLIAMS COMMUNICATIONS, LLC

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

WILLIAMS COMMUNICATIONS GROUP, INC.

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

BANK OF MONTREAL

By /s/ W.T. Calder

Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi

Title: Senior Vice President

SCOTIABANC INC.

By /s/ M. D. Smith

Title: Treasurer

ABN AMRO BANK, N.V.

By /s/

Title:

By /s/

Title:

FLEET NATIONAL BANK

By /s/ Suzanne M. MacKay

Title: Vice President

CIBC INC.

By /s/ Amy V. Kothari

Title: Executive Director

CREDIT SUISSE FIRST BOSTON

By /s/ David L. Sawyer

Title: Vice President

By /s/ Lalita Advani

Title: Assistant Vice President

DEUTSCHE BANK AG
NEW YORK BRANCH AND/OR CAYMAN
ISLANDS BRANCH

By /s/ Steve M. Godeke

Title: Director

By /s/ Alexander Richarz

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Jeremy Horn

Title: Authorized Signature

BANK AUSTRIA CREDIT ANSTALT
CORPORATE FINANCE, INC.

By /s/ John T. Murphy

   Title: Senior Vice President

By /s/ William W. Hunter

   Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Brand Hosford

   Title: Vice President

IBM CREDIT CORPORATION

By /s/ Thomas S. Curcio

   Title: Manager of Credit

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH

By

   Name:
   Title:

BANK OF OKLAHAMA N.A.

By /s/ Robert D. Mattax

Title: Senior Vice President

BANK ONE, N.A.

By

Name:
Title:

KBC BANK, N.V.

By /s/ Robert Snauffer

Title: First Vice President

By /s/ Eric Raskin

Title: Assistant Vice President

THE FUJI BANK, LIMITED

By /s/ Nobuoki Koike

Title: Vice President & Senior Team Leader

INCREMENTAL TRANCHE A LENDERS:

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By /s/ G. Andrew Keith

Title: Authorized Signatory

CITICORP USA, INC.

By /s/ Caesar W. Wyszomirski

Title: Vice President

MERRILL LYNCH & CO., INC.

By /s/ Merrill Lynch & Co., Inc.

Name: Parker A. Weil
Title: Managing Director

Acknowledged and agreed:

CRITICAL CONNECTIONS, INC.
SBCI - PACIFIC NETWORKS, INC.
WCS COMMUNICATIONS SYSTEMS, INC.
WCS, INC.
WILLIAMS COMMUNICATIONS OF
VIRGINIA, INC.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.L.C.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.P.
WILLIAMS GLOBAL COMMUNICATIONS
HOLDINGS, INC.
WILLIAMS INTERNATIONAL
VENTURES COMPANY
WILLIAMS LEARNING NETWORK, INC.
WILLIAMS LOCAL NETWORK, INC.
WILLIAMS WIRELESS, INC.
WILLIAMS TECHNOLOGY CENTER, LLC
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC

All By:

Title:

SCHEDULE 2.01
COMMITMENTS

REVOLVING AND TERM LENDERS	REVOLVING COMMITMENT	TERM COMMITMENT
Bank of America, N.A.	32,500,000	32,500,000
The Chase Manhattan Bank	50,000,000	50,000,000
Bank of Montreal	42,625,000	42,625,000
The Bank of New York	42,625,000	42,625,000
ABN AMRO Bank N.V.	34,250,000	34,250,000
CIBC Inc.	34,250,000	34,250,000
Credit Lyonnais New York Branch	34,250,000	34,250,000
Credit Suisse First Boston	34,250,000	34,250,000
Deutsche Bank AG New York Branch and/or Cayman Islands Branch	34,250,000	34,250,000
Fleet National Bank	34,250,000	34,250,000
Scotiabanc Inc.	34,250,000	34,250,000
Bank Austria Creditanstalt Corporate Finance, Inc.	17,500,000	17,500,000
First Union National Bank	17,500,000	17,500,000
The Fuji Bank, Limited	17,500,000	17,500,000
IBM Credit Corporation	17,500,000	17,500,000
The Industrial Bank of Japan, Limited New York Branch	17,500,000	17,500,000
Bank of Oklahoma N.A.	10,000,000	10,000,000
Bank One, N.A.	10,000,000	10,000,000
KBC Bank N.V.	10,000,000	10,000,000
Total	525,000,000	525,000,000
GRAND TOTAL		1,050,000,000

INCREMENTAL LENDERS	
Citicorp USA, Inc.	150,000,000
Lehman Commercial Paper, Inc.	150,000,000
Merrill Lynch & Co., Inc.	75,000,000
The Chase Manhattan Bank	40,000,000
Bank of America, N.A.	35,000,000
GRAND TOTAL	450,000,000

EXHIBIT 10(w)

AIRCRAFT DRY LEASE
N359WC

This Aircraft Dry Lease ("Lease") dated as of September 13, 2001 ("Effective Date"), is by and between Williams Communications Aircraft, LLC, a Delaware limited liability company and a wholly owned subsidiary of Williams Aircraft, Inc. ("Lessor") and Williams Communications, LLC, a Delaware limited liability company (the "Lessee").

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor the aircraft described on Schedule "B" attached hereto, together with all engines, equipment, attachments, substitutions, replacements and additions (collectively, the "Aircraft").

1. Certain Definitions: For purposes of this Lease the terms "Additional Charge", "Affiliate", "Change in Control", "Debt", "Encumbrance", "Environmental Laws", "ERISA", "ERISA Event", "GAAP:", "Governmental Authority", "Hazardous Materials", "Material Adverse Affect", "Material Debt", "Notice", "Officer's Certificate", "Overdue Rate", "Permitted Encumbrances", "Person", "Plan", "Prime Rate", "Proceeding", "Transfer", and "WCG" shall have the meanings described for such capitalized terms as contained in the Master Lease dated September 13, 2001, among Williams Headquarters Building Company, Williams Technology Center, LLC, and Williams Communications, LLC. Capitalized terms not otherwise specifically defined in this Lease shall have the meanings described for such capitalized terms as contained in the Credit Agreement dated as of September 8, 1999 (the "Credit Agreement") among Lessee, Bank of America, N.A., The Chase Manhattan Bank and other parties (and capitalized terms contained within such definitions as set forth in the Credit Agreement shall similarly have the meanings described for such capitalized terms therein) with respect to the financial covenants therein. A copy of the Credit Agreement is attached hereto as Exhibit I. Lessee shall provide copies of any amendments or restatements or waivers to the Credit Agreement to Lessor within five (5) days of execution thereof. Such amendments or restatements or waivers shall automatically become a part hereof with respect to the financial covenants.

2. Term and Rent: This Lease is for a term of ten (10) years, beginning September 13, 2001, and ending September 1, 2011. For said term or any portion thereof, Lessee shall pay to Lessor rentals ("Rent") payable in accordance with Schedule "A", of which the first is due October 1, 2001, and the others on a like date of each month thereafter. All Rent shall be paid at Lessor's place of business shown below, or such other place as the Lessor may designate by written notice to the Lessee. All Rent shall be paid without notice or demand and without abatement, deduction or set-off of any amount whatsoever. The operation and use of the Aircraft shall be at the risk of Lessee, and not of Lessor and the obligation of Lessee to pay Rent hereunder shall be unconditional.

2.1 Late Charge; Interest: If any Rent payable to Lessor is not paid when due, Lessee shall pay Lessor on demand, as an Additional Charge, (a) a late charge equal to (i) two percent (2%) of the amount not paid within five (5) days of the date when due plus (b) if such Rent (including the late charge) is not paid within ten (10) days of the date due,

interest thereon at the Overdue Rate from such tenth (10th) day until such Rent (including the late charge and interest) is paid in full.

3. Destruction of Aircraft: If the Aircraft is lost, stolen, totally destroyed, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, the liability of the Lessee to pay Rent therefor may be discharged by paying to Lessor all the Rent due thereon, plus all the Rent to become due thereon less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Lessor shall not be obligated to undertake, by litigation or otherwise, the collection of any claim against any person for loss or damage of the Aircraft. Except as expressly provided in this paragraph, the total or partial destruction of the Aircraft, or total or partial loss of use or possession thereof to Lessee, shall not release or relieve Lessee from the duty to pay the Rent herein provided.

4. No Warranties by Lessor; Compliance with Laws and Insurance: Lessor, not being the manufacturer of the Aircraft, nor manufacturer's agent, makes no warranty or representation, either express or implied, as to the fitness, quality, design, condition, capacity, suitability, merchantability or performance of the Aircraft or of the material or workmanship thereof, or that the Aircraft will satisfy the requirements of any law, rule, specification or contract, it being agreed that the Aircraft is leased "as is" and that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee at its sole risk and expense, Lessee accordingly agrees not to assert any claim whatsoever against the Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against the Lessor for loss of anticipatory profits or consequential, indirect, special or punitive damages. Lessor shall have no obligation to test or service the Aircraft. Lessee agrees, at its own cost and expense, (a) to pay all charges and expenses in connection with the operation of the Aircraft; (b) to comply with all governmental laws, ordinances, regulations, requirements and rules with respect to the use and operation of the Aircraft; and (c) to maintain at all times (i) Aircraft hull insurance, including all-risk ground and flight insurance on the Aircraft for the stated value thereof (not to be less than the full current market value as determined annually by the parties) for the term of this Lease, plus other insurance thereon in amounts and against such risks as Lessor may specify, and deliver each policy to Lessor with a standard long form endorsement attached thereto showing loss payable to Lessor as its interest may appear, and (ii) combined single limit liability insurance covering bodily injury liability, property damage liability and passenger liability for the term of this Lease naming Lessor its parent and affiliates as additional insureds to the full extent of the policies carried, but in no event less than $200,000,000.00 per occurrence. Lessee shall deliver to Lessor evidence of such insurance coverage. All insurance policies must provide that no cancellation or non-renewal thereof shall be effective without 30 days prior written notice to Lessor and all insurance policies shall be in form, terms and amounts and with insurance carriers satisfactory to Lessor.

5. Maintenance. Lessee, at its cost and expense, shall:

5.1 perform or cause to be performed all airworthiness directives, mandatory manufacturer's service bulletins, and all other mandatory service, inspections, repair, maintenance, overhaul and testing: (a) as may be required under applicable Federal Aviation Administration (the "FAA") rules and regulations, (b) in the same manner and with the same care as shall be the case with similar aircraft and engines owned by or operated on behalf of Lessee without discrimination, and (c) so as to keep the Aircraft in as good operating condition as when delivered to the Lessee, ordinary wear and tear excepted, with all systems in good operating condition;

5.2 keep the Aircraft in such condition as is necessary to enable the airworthiness certification of the Aircraft to be maintained at all times under applicable FAA regulations and any other applicable law, including, but not limited to any equipment modifications or installations required by the FAA;

5.3 maintain, in the English language, all records and other materials required by and in a manner acceptable to the FAA and any other governmental entity having jurisdiction over the Aircraft and its operation;

5.4 Lessee shall furnish Lessor reports on an annual basis a list of those service bulletins, airworthiness directives and engineering modifications incorporated on the Aircraft during the preceding calendar year.

6. Taxes: Lessee agrees that, during the term of this Lease, in addition to the Rent and all other amounts provided herein to be paid, it will promptly pay all taxes, assessments and other governmental charges (including penalties and interest, if any, and fees for titling or registration, if required) levied or assessed: (a) upon the interest of the Lessee in the Aircraft or upon the use or operation thereof or on the earnings arising therefrom; and (b) against Lessor on account of its acquisition or ownership of the Aircraft, or the use or operation thereof or the leasing thereof to the Lessee, or the Rent herein provided for, or the earnings arising therefrom, exclusive, however, of any taxes based on net income of Lessor ("Taxes"). Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning the Aircraft with all appropriate governmental agencies, and within not more than 45 days after the due date of such filing to send Lessor confirmation, in form satisfactory to Lessor, of such filing.

6.1 Lease Characterization: Lessor and Lessee agree that the terms of this Lease create an operating lease for federal and state income tax purposes. Consistent with the foregoing, Lessor intends to retain all tax benefits associated with this Lease and Lessee agrees not to take an inconsistent position on its federal or state income tax filings. If any action taken by one party under this Lease causes this Lease to be ultimately determined by any taxing authority not to be an operating lease, that party shall indemnify the other party for any resulting increase in the other party's federal or state income tax liability for any period.

6.2 Permitted Contests: Lessee, on its own or on Lessor's behalf or in Lessor's name, but at Lessee's sole cost and expense, shall have the right to contest, by an appropriate legal proceeding conducted in good faith and with due diligence, the amount or validity of any levy or assessment of Taxes provided (a) prior notice of such contest is given to Lessor, (b) the Aircraft would not be in any danger of being sold, forfeited or attached as a result of such contest, and there is no risk to Lessor of a loss of or interruption in the payment of Rent, (c) in the case of unpaid Taxes, collection thereof is suspended during the pendency of such contest, and (d) compliance may legally be delayed pending such contest. Upon request of Lessor, Lessee shall deposit funds or assure Lessor in some other manner reasonably satisfactory to Lessor that the Taxes, together with interest and penalties, if any, thereon, and any and all costs for which Lessee is responsible will be paid if and when required upon the conclusion of such contest. Lessee shall defend, indemnify and save harmless Lessor from all costs or expenses arising out of or in connection with any such contest, including but not limited to payment of Taxes and attorneys' fees. If at any time Lessor reasonably determines that payment of the Taxes contested by Lessee is necessary in order to prevent loss of the Aircraft or Rent or civil or criminal penalties or other damage, upon such prior notice to Lessee as is reasonable in the circumstances Lessor may pay such amount or take such other action as it may deem necessary to prevent such loss or damage. If reasonably necessary, upon Lessee's written request Lessor, at Lessee's expense, shall cooperate with Lessee in a permitted contest, provided Lessee upon demand reimburses Lessor for Lessor's costs incurred in cooperating with Lessee in such contest.

7. Lessor's Right of Inspection and Identification of Aircraft: All equipment, engines, radios, accessories, instruments and parts now or hereafter used in connection with the Aircraft shall become part of the Aircraft by accession. Lessor warrants that the Aircraft is not registered under the laws of any foreign country. Lessee shall permit Lessor or its designee, on 5 days prior written notice to visit and inspect the Aircraft, its condition, use and operation, and the records maintained in connection therewith, at any reasonable time without interfering with the normal operation of the Aircraft, at Lessor's cost and expense, provided that no Default or Event of Default has occurred and is continuing. Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. Lessor's failure to object to any condition or procedure observed or observed in the course of an inspection hereunder shall not be deemed to waive or modify any of the terms of this Lease with respect to such condition or procedure.

8. Possession and Place of Use: The Aircraft shall be based at the location specified in Schedule "B", and shall not be permanently removed therefrom without Lessor's prior written consent. Lessee shall not, without Lessor's prior written consent, (a) part with possession or control of the Aircraft, (b) attempt or purport to sell, pledge, mortgage or otherwise encumber the Aircraft

or otherwise dispose of or encumber any interest under this Lease, or (c) fly or permit the Aircraft to be flown or located outside the area covered by insurance required by paragraph 3 of this Lease.

9. Lessee's Warranties: Lessee warrants that the Aircraft will be registered under the laws of the United States and will not be registered under the laws of any foreign country; that the Aircraft and/or equipment will not be held, maintained or used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of Aircraft. These warranties are conditions of Lessee's right of possession and use, and delivery is made in reliance thereon.

10. Performance of Obligations of Lessee by Lessor: In the event that Lessee shall fail duly and promptly to perform any of its obligations under the provisions of this Lease, Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Lessor in such performance, together with interest at the Overdue Rate until paid by Lessee to Lessor, shall be payable by Lessee upon demand as additional rent for the Aircraft.

11. Purchase Option: At any time during the term of this Lease, if Lessee has paid in full all rentals owing hereunder and is not in default hereunder, Lessee shall have the option to purchase the Aircraft for an amount equal to the greater of (1) fair market value of the Aircraft or (2) the Termination Value in accordance with Schedule "C" plus accrued interest. Lessee shall give Lessor written notice of its intent to exercise such option not less than 30 days prior to the transfer of the Aircraft to Lessee. Fair market value shall be determined by a mutually agreed upon independent aircraft broker. If the parties cannot agree on the selection of a broker, each party shall designate a broker. Such selected brokers will then select a third broker to appraise the Aircraft. Such third party broker appraisal shall be binding upon the parties.

Lessee shall also have the right to purchase the Aircraft as of October 1, 2006 ("Early Buy-Out Option") for the Termination Value for such date in accordance with Schedule "C" plus accrued interest.

Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 11.

12. Put Option: Upon the expiration of the original term of this Lease, Lessor shall have the option to require the Lessee to purchase the Aircraft for an amount equal to the agreed fair market value of the Aircraft as defined in Section 11 hereof. Lessor shall provide Lessee written notice of its intent to exercise such option not less than 30 days prior to the expiration of the original term of this Lease.

Lessee shall also be responsible for all transaction costs associated with any exercise in accordance with this Section 12.

13. Default: An event of default ("Event of Default") shall occur if:

(a) Lessee fails to pay or cause to be paid the Rent when due and payable;

(b) Either Lessee or WCG, has a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it, or a court of competent jurisdiction enters an order or decree appointing a receiver of Lessee or WCG or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, any such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C Section 101, et seq);

(c) Lessee or WCG: (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.A. Section 101, et seq);

(d) Lessee or WCG, is liquidated or dissolved, or begins a Proceeding toward liquidation or dissolution, or has filed against it a petition or other Proceeding to cause it to be liquidated or dissolved and the Proceeding is not dismissed within thirty (30) days thereafter, or Lessee in any manner permits the sale or divestiture of substantially all of its assets;

(e) The estate or interest of Lessee in the Aircraft or any part thereof is levied upon or attached in any Proceeding and the same is not vacated or discharged within thirty (30) days thereafter (unless Lessee is in the process of consenting such lien or attachment in good faith);

(f) Any representation or warranty made by Lessee in the Membership Interest Purchase Agreement or in the certificate delivered in connection therewith shall prove to be incorrect in any material respect when made or deemed made, Lessor is materially and adversely affected thereby and Lessee fails within twenty (20) days after Notice from Lessor thereof to cure such condition by terminating such adverse effect and making Lessor whole for any damage suffered therefrom, or, if with due diligence such cure cannot be effected within twenty (20) days, if Lessee has failed to commence to cure the same within the twenty (20) days or failed thereafter to proceed promptly and with due diligence to cure such condition and complete such cure prior to the time that such condition causes a default in any other lease to which Lessee is subject and prior to the time that the same results in civil or criminal penalties to Lessor, Lessee, or any Affiliates of any of such parties or the Aircraft;

(g) A Transfer occurs without the prior written consent of Lessor;

(h) Except as otherwise provided in subsection (m) below, a default occurs under any Material Debt when and as the same become due and payable (subject to any applicable grace period);

(i) Lessee fails to purchase the Aircraft if and as required under this Lease;

(j) Lessee or WCG breaches any of the financial covenants set forth in Section 14 hereof and the breach is not cured within a period of thirty (30) days after the earlier to occur of (i) the Notice thereof from Lessor, or (ii) knowledge thereof by Lessee or WCG;

(k) Lessee fails to observe or perform any other term, covenant or condition of this Lease and the failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor:

(l) Lessee breaches any representation or warranty made by it in this Lease;

(m) An Event of Default as defined in the Credit Agreement, occurs and an acceleration of any of the Loans as defined in the Credit Agreement results;

(n) One or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Lessee or WCG, or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Lessee or WCG to enforce any such judgment;

(o) An ERISA Event shall have occurred that, in the opinion of the Lessor, when taken together with all other ERISA Events that have occurred, could reasonable be expected to result in liability of Lessee or WCG in an aggregate amount exceeding $25,000,000 for all periods;

(p) Lessee fails to maintain the Aircraft in accordance with the terms of this Lease;

(q) A Change in Control shall occur;

(r) Lessee fails to observe or perform any provisions of Section 4 and Section 14.4 regarding insurance; or

(s) Lessee defaults on any other Aircraft Dry Lease dated concurrently herewith.

Upon the occurrence of an Event of Default, Lessor, at Lessor's option, may: (a) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (b) demand that Lessee deliver the Aircraft forthwith to Lessor at Lessee's expense at such place as Lessor may designate; (c) Lessor and/or Lessor's agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Aircraft may be or by Lessor is believed to be, and repossess the Aircraft, using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Aircraft and all claims for injuries suffered through or loss caused by such repossession; (d) terminate this Lease, whereupon Lessee shall, without further demand, as liquidated damages for loss of the bargain and not as a penalty forthwith pay to Lessor any unpaid Rent that accrued on or before the occurrence of the event of default plus an amount equal to the difference between the value, as of the date of the occurrence of such event of default, of the aggregate Rent reserved hereunder for the unexpired term of this Lease and the then value of the aggregate rental value of the Aircraft for such unexpired term which the Lessor reasonably estimates to be obtainable for the use of the Aircraft during such unexpired terms. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of the Aircraft or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees. If any statute governing the proceeding in which damages are to be proved specifies the amount of such claim, Lessor shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The remedies of this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity, and the exercise, or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such remedies. No express or implied waiver by Lessor of any event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent events of default.

14. Covenants: Lessee represents, warrants and covenants that:

14.1 Existence; Conduct of Business. Lessee and WCG each will (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

14.2 Payment of Obligations. Lessee and WCG each (i) will pay its Debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate legal process, (b) has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Encumbrance securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to

result in a Material Adverse Effect and (ii) shall not breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

14.3 Maintenance of Properties. Lessee and WCG each will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

14.4 Insurance. In addition to the insurance required in Section 4, Lessee and WCG each will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. As of the Effective Date, all premiums in respect of all insurance described in the Lease have been paid. Lessee shall deliver an insurance certificate to Lessor as of the Effective Date evidencing all such insurance coverages.

14.5 Casualty and Condemnation. The Lessee will furnish to Lessor prompt written notice of any casualty or other insured damage to any portion of any of Lessor's property or assets or the commencement of any action or Proceeding for the taking of any of Lessor's property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar Proceeding (in each case with a value in excess of $10,000,000).

14.6 Books and Records; Inspection and Audit Rights. Lessee and WCG each will keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Lessee and WCG each will permit any representatives designated by the Lessor at the expense of Lessor, or, if an Event of Default shall have occurred and be continuing, at the expense of the Lessee, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

14.7 Compliance with Laws. Lessee and WCG each will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.8 Further Assurances. At any time and from time to time, Lessee will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Lessor may reasonably request, to effectuate the transactions contemplated by this Lease or to grant, preserve, protect or perfect the Encumbrances created or intended to be created in connection with this Lease or any of the other documents contemplated herein, required to be in effect or the validity or priority of any such Encumbrance, all at the expense of Lessee and Lessor. Lessee and Lessor also agree to provide to Lessor, from time to time upon request, evidence reasonably satisfactory to Lessor as to the perfection and priority of the Encumbrance created or intended to be created in connection with this Lease or any of the other documents contemplated herein.

14.9 Pledge or Encumber Assets. Lessee shall not pledge or otherwise encumber any of its assets, other than leased equipment used in the operation of the Aircraft.

14.10 Encumbrances. Lessee will not create, incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except for any Permitted Encumbrances or Encumbrances created in connection with or specifically contemplated by this Lease or permitted by the Credit Agreement.

14.11 Fundamental Changes. Lessee and WCG each will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing (i) any Person may merge into the Lessee in a transaction in which the Lessee is the surviving entity, provided that any such merger involving a Person that is not a wholly owned by Lessor immediately prior to such merger shall not be permitted, and (ii) any person may merge into the Lessee in a transaction in which the Lessee is the surviving corporation.

14.12 Other Material Agreements. Lessee shall not (i) enter into any other material agreement relating to any portion of the Aircraft, or (ii) if entered into with Lessor's consent, thereafter, amend, modify, renew, replace or otherwise change the terms of any such material agreement without the prior written consent of Lessor.

14.13 Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

14.14 Minimum EBITDA. The amount equal to (i) EBITDA for the period of four (4) fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity

Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1,2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 20, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

14.15 Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2001-December 30, 2001	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

14.16 Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

14.17 Interest Coverage Ratio. The Interest Coverage Ratio for any period of four (4) consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

14.18 Organization; Powers. Lessee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

14.19 Authorization; Enforceability. The execution of and performance under this Lease is within Lessee's' entity powers and has been duly authorized by all necessary member, corporate and, if required, stockholder action as the case may be. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a Proceeding in equity or at law.

14.20 Governmental Approvals; No Conflicts. The Lease or any of the other documents contemplated herein, (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Lessor's rights under this Lease, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Lessee or Lessor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Lessee or Lessor or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Lessee or Lessor, and (d) will not result in the creation or imposition of any Encumbrance on any asset of Lessee or Lessor, except any Encumbrance created by or in accordance with the Lease.

14.21 Material Adverse Change. Since December 31, 2000, there has been no Material Adverse Change.

14.22 Properties. Lessee has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Lessee or Lessor is subject to any Encumbrance other than Permitted Encumbrances, and Encumbrances created by or in connection with this Lease.

14.23 Intellectual Property. Lessee owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Lessee does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

14.24 Litigation and Environmental Matters. There is no action, suit or Proceeding by or before any arbitrator or Governmental Authority pending against or, to the knowledge

of Lessee or Lessor, threatened against or affecting Lessee or WCG (i) as to which there is a reasonable possibility-bility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Lease or any of the other documents contemplated herein.

14.24.1 Environmental Compliance. Except with respect to other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, Lessee (i) has not failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has not become subject to any liability with respect to any Environmental Law, (iii) has not received written notice of any claim with respect to any Environmental Law or (iv) does not know of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any liability under any Environmental Law.

14.25 Compliance with Laws and Agreements. Lessee is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Event of Default has occurred and is continuing.

14.26 Investment and Holding Company Status. Lessee is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

14.27 Taxes. Lessee or WCG has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by or with respect to it, except (a) taxes that are being contested in good faith by an appropriate Proceeding and for which Lessee or Lessor, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

14.28 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

14.29 Disclosure. Lessee has disclosed all agreements, instruments and corporate or other restrictions to which Lessee is subject, and all other matters known to Lessee, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of Lessee in connection with the negotiation of this Lease or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Lessee represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

14.30 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Lessee pending or, to the knowledge of Lessee, threatened. The hours worked by and payments made to employees of Lessee have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Lessee, or for which any claim may be made against Lessee, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Lessee. The execution of this Lease has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Lessee is bound.

14.31 No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Lessee is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

14.32 Representations True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Lessee thereto contained in this Lease or any other documents executed in connection herewith, is true and correct.

15. OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS. Lessee shall furnish or cause to be furnished to one another:

15.1 Fiscal Year Information. (i) within 90 days after the end of each fiscal year of WCG, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of WCG's business segments consistent), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, and (ii) within 90 days after the end of each fiscal year of WCG, supplemental unaudited balance sheets and related unaudited statements of operations,

stockholders' or members' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for WCG and the consolidating adjustments with respect thereto.

15.2 Quarterly Information. (i) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' or members' equity and cash flow of WCG as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year), all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first 3 fiscal quarters of each fiscal year of WCG, unaudited balance sheets and related statements of operations, stockholders' or members' equity and cash flow of Lessor as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) all certified by a Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of WCG in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

15.3 Officers Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, an Officer's Certificate of the Lessee (i) certifying as to whether an Event of Default has occurred and, if an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Sections 14.13 through 14.17, and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date referred to in paragraph 14.24 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Officer's Certificate.

15.4 Accounting Firm Certificate. Concurrently with any delivery of financial statements in accordance with this Lease, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines).

15.5 Budget. As soon as practicable after approval by the Board of Directors of WCG, and in any event not later than 120 days after the commencement of each fiscal year of Lessor, a consolidated and consolidating budget of WCG for such fiscal year and a consolidated budget of WCG for such fiscal year and, promptly when available, any significant revisions of any such budget.

15.6 SEC Filings. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by WCG or any of its Affiliates with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by WCG to its members generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website.

15.7 Other Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Lessee, or compliance with the terms of this Lease or any of the documents contemplated herein.

15.8 Credit Agreement Information. To the extent not previously covered by the provisions of this paragraph, copies of all information provided by Lessee or any Affiliates pursuant to the Credit Agreement, contemporaneously with its delivery pursuant thereto.

16. NOTICES OF MATERIAL EVENTS. Upon knowledge thereof, Lessee will furnish prompt written notice of the following. Each notice delivered under this paragraph shall be accompanied by a statement of an Officer's Certificate, duly executed, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

16.1 Event of Default. The occurrence of any Event of Default.

16.2 Action, Suit or Proceeding. The filing or commencement of any action, suit or Proceeding by or before any arbitrator or Governmental Authority against or affecting Lessee, WCG or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect.

16.3 ERISA Event. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

16.4 Credit Agreement. Any change or modification to the Credit Agreement.

16.5 Other Matters. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

17. Indemnity: Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify and save Lessor, its parent and affiliated companies harmless from and against any and all liability, loss, damage, expense, causes of action, suits, claims or judgments arising from or caused directly or indirectly by (a) Lessee's failure to promptly perform any of its obligations under the provisions of this Lease, (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation of the Aircraft or its location or condition, or (c) inadequacy of the Aircraft for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of

business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that Lessor shall give Lessee written notice of any such claim or demand.

18. Assignments and Notices: Neither this Lease nor Lessee's rights hereunder shall be assignable except with Lessor's written consent; the conditions hereof shall bind any permitted successors and assigns of Lessee. Lessor may assign this Lease without consent of Lessee. Lessee, after receiving notice of any assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignor's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. All notices relating hereto shall be delivered in person to an officer of Lessor or Lessee or shall be mailed to Lessor or Lessee at its respective address herein shown or at any later address last known to the sender.

19. Further Assurances: Lessee shall execute and deliver to Lessor, upon Lessor's request, such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder, including the filing or recording of this Lease at Lessor's option.

20. Counterparts: This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

21. Entire Agreement: There are no oral or written agreements or representations between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee.

22. Governing Law: This Lease is executed and delivered in the State of Oklahoma, and except insofar as the law of another state or jurisdiction may be mandatorily applicable, shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of said State.

23. Truth-in-Leasing Clause: THE AIRCRAFT HAS BEEN MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR THE 12 MONTHS PRECEDING THE DATE OF THIS LEASE. THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. THE LESSEE CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS. AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL AND THE PERTINENT FEDERAL AVIATION

REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

LESSOR:	LESSEE:
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC	WILLIAMS COMMUNICATIONS, LLC

By:	/s/ Mark W. Husband	By:	/s/ Howard S. Kalika
Name:	Mark W. Husband	Name:	Howard S. Kalika
Title:	Assistant Treasurer	Title:	Treasurer and Vice President

Signature page to Aircraft Dry Lease (N359WC) by and between Williams Communications Aircraft, LLC and Williams Communications, LLC dated September 13, 2001

SCHEDULE "A"

RENT-N359WC

Rent shall be payable in one hundred and twenty (120) equal successive monthly rental payments in an amount as would be necessary to amortize $9,250,000 on a straight-line basis over a period of one hundred and twenty (120) months plus interest calculated at the Interest Rate as set forth below:

The following definitions shall apply to this SCHEDULE "A":

"ABR", when used herein, refers to interest at a rate determined by reference to the Alternate Base Rate.

"Applicable Margin" means, for any day, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Lessee's Bank Facility Rating set by S&P and Moody's, respectively, applicable on such date plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Lessor in respect of the most recently ended fiscal quarter of WCG, is less than 6:00 to 1:00.

"Eurodollar", when used herein, refers to interest at a rate determined by reference to the Adjusted LIBO Rate.

"LIBO Rate" means, with respect to any Eurodollar Rate, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lessor from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month, as the rate for dollar deposits with a maturity of thirty (30) days. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity of thirty (30) days are offered by the principal London office of the CitiBank, N.A., in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the FIRST DAY of each calendar month. IN EITHER CASE, THE APPLICABLE LIBO RATE SHALL BE EFFECTIVE FOR THE CALENDAR MONTH NEXT SUCCEEDING THE CALENDAR MONTH COMMENCING IMMEDIATELY AFTER SUCH DETERMINATION.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"WCG" means Williams Communications Group, Inc., a Delaware corporation, and the parent company of Williams Communications, LLC.

Interest Rate Calculation

At Lessee's option, ABR plus Applicable Margin or LIBO Rate plus Applicable Margin (the "Rate") as determined from time to time by S&P or by Moody's based on Lessee's Facilities Rating in accordance with the grid below:

	Facilities Rating of Lessee	ABR Spread	Eurodollar Spread	Leverage Premium
Level I	BBB- and Baa3 or higher	0.50%	1.50%	.25%
Level II	BB+ and Ba1	0.875%	1.875%	.25%
Level III	BB and Ba2	1.25%	2.25%	.25%
Level IV	BB- and Ba3	1.50%	2.50%	.25%
Level V	Lower than BB- or lower than Ba3	1.75%	2.75%	.25%

For purposes of the foregoing (i) if neither S&P nor Moody's or any replacement or successor facility of similar size shall have in effect a rating for the Facilities, then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not bot S&P or Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P or Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P or Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P or Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P of Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and engine on the date immediately preceding the effective date of the next such change.

SCHEDULE "B"

Cessna model 560XL Citation Excel aircraft with manufacturer's serial number 560-5129 and United States nationality and registration marks N359WC.

Pratt & Whitney model PW545A aircraft engines with manufacturer's serial numbers PCEDB0271 and PCEDB0265.

Such aircraft to be based at Spirit of Saint Louis Airport, City of Chesterfield, Missouri, Country of U.S.A.

SCHEDULE "C"

Termination Value

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $9,250,000.00

			(1)	(2)	(3)	(4)	(2) + (4)
Payment Number	Monthly Period	Termination Value as a % of Cost	Ten Year Straight-Line Amotization	Unamortized Balance	Monthly Depreciation Benefits	Present Value of Depreciation Benefits	Termination Value
1	10/1/01	133.83%	$77,083.33	$9,250,000.00	$154,166.67	$3,129,143.23	$12,379,143.23
2	11/1/01	131.55%	$77,083.33	$9,172,916.67	$154,166.67	$2,995,837.52	$12,168,754.19
3	12/1/01	129.27%	$77,083.33	$9,095,833.33	$154,166.67	$2,861,643.10	$11,957,476.44
4	1/1/02	126.98%	$77,083.33	$9,018,750.00	$61,666.67	$2,726,554.06	$11,745,304.06
5	2/1/02	125.67%	$77,083.33	$8,941,666.67	$61,666.67	$2,683,064.42	$11,624,731.09
6	3/1/02	124.37%	$77,083.33	$8,864,583.33	$61,666.67	$2,639,284.85	$11,503,868.18
7	4/1/02	123.06%	$77,083.33	$8,787,500.00	$61,666.67	$2,595,213.41	$11,382,713.41
8	5/1/02	121.74%	$77,083.33	$8,710,416.67	$61,666.67	$2,550,848.17	$11,261,264.84
9	6/1/02	120.43%	$77,083.33	$8,633,333.33	$61,666.67	$2,506,187.16	$11,139,520.49
10	7/1/02	119.11%	$77,083.33	$8,556,250.00	$61,666.67	$2,461,228.41	$11,017,478.41
11	8/1/02	117.79%	$77,083.33	$8,479,166.67	$61,666.67	$2,415,969.93	$10,895,136.60
12	9/1/02	116.46%	$77,083.33	$8,402,083.33	$61,666.67	$2,370,409.73	$10,772,493.06
13	10/1/02	115.13%	$77,083.33	$8,325,000.00	$61,666.67	$2,324,545.79	$10,649,545.79
14	11/1/02	113.80%	$77,083.33	$8,247,916.67	$61,666.67	$2,278,376.10	$10,526,292.76
15	12/1/02	112.46%	$77,083.33	$8,170,833.33	$61,666.67	$2,231,898.61	$10,402,731.94
16	1/1/03	111.12%	$77,083.33	$8,093,750.00	$37,000.00	$2,185,111.26	$10,278,861.26
17	2/1/03	110.05%	$77,083.33	$8,016,666.67	$37,000.00	$2,162,678.67	$10,179,345.34
18	3/1/03	108.97%	$77,083.33	$7,939,583.33	$37,000.00	$2,140,096.53	$10,079,679.86
19	4/1/03	107.89%	$77,083.33	$7,862,500.00	$37,000.00	$2,117,363.84	$9,979,863.84
20	5/1/03	106.81%	$77,083.33	$7,785,416.67	$37,000.00	$2,094,479.60	$9,879,896.26
21	6/1/03	105.73%	$77,083.33	$7,708,333.33	$37,000.00	$2,071,442.80	$9,779,776.13
22	7/1/03	104.64%	$77,083.33	$7,631,250.00	$37,000.00	$2,048,252.41	$9,679,502.41
23	8/1/03	103.56%	$77,083.33	$7,554,166.67	$37,000.00	$2,024,907.43	$9,579,074.10
24	9/1/03	102.47%	$77,083.33	$7,477,083.33	$37,000.00	$2,001,406.81	$9,478,490.15
25	10/1/03	101.38%	$77,083.33	$7,400,000.00	$37,000.00	$1,977,749.53	$9,377,749.53
26	11/1/03	100.29%	$77,083.33	$7,322,916.67	$37,000.00	$1,953,934.52	$9,276,851.19
27	12/1/03	99.20%	$77,083.33	$7,245,833.33	$37,000.00	$1,929,960.75	$9,175,794.09
28	1/1/04	98.10%	$77,083.33	$7,168,750.00	$117,845.00	$1,905,827.16	$9,074,577.16
29	2/1/04	96.13%	$77,083.33	$7,091,666.67	$117,845.00	$1,800,687.67	$8,892,354.34
30	3/1/04	94.16%	$77,083.33	$7,014,583.33	$117,845.00	$1,694,847.26	$8,709,430.59
31	4/1/04	92.17%	$77,083.33	$6,937,500.00	$117,845.00	$1,588,301.24	$8,525,801.24
32	5/1/04	90.18%	$77,083.33	$6,860,416.67	$117,845.00	$1,481,044.91	$8,341,461.58
33	6/1/04	88.18%	$77,083.33	$6,783,333.33	$117,845.00	$1,373,073.55	$8,156,406.88
34	7/1/04	86.17%	$77,083.33	$6,706,250.00	$117,845.00	$1,264,382.37	$7,970,632.37
35	8/1/04	84.15%	$77,083.33	$6,629,166.67	$117,845.00	$1,154,966.58	$7,784,133.25
36	9/1/04	82.13%	$77,083.33	$6,552,083.33	$117,845.00	$1,044,821.36	$7,596,904.70
37	10/1/04	80.10%	$77,083.33	$6,475,000.00	$117,845.00	$933,941.84	$7,408,941.84
38	11/1/04	78.06%	$77,083.33	$6,397,916.67	$117,845.00	$822,323.12	$7,220,239.78
39	12/1/04	76.01%	$77,083.33	$6,320,833.33	$117,845.00	$709,960.27	$7,030,793.60

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $9,250,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value of Depreciation Benefits	(2) + (4) Termination Value
40	1/1/05	73.95%	$77,083.33	$6,243,750.00	$35,520.00	$596,848.34	$6,840,598.34
41	2/1/05	72.78%	$77,083.33	$6,166,666.67	$35,520.00	$565,307.33	$6,731,973.99
42	3/1/05	71.60%	$77,083.33	$6,089,583.33	$35,520.00	$533,556.04	$6,623,139.38
43	4/1/05	70.42%	$77,083.33	$6,012,500.00	$35,520.00	$501,593.08	$6,514,093.08
44	5/1/05	69.24%	$77,083.33	$5,935,416.67	$35,520.00	$469,417.04	$6,404,833.70
45	6/1/05	68.06%	$77,083.33	$5,858,333.33	$35,520.00	$437,026.48	$6,295,359.82
46	7/1/05	66.87%	$77,083.33	$5,781,250.00	$35,520.00	$404,419.99	$6,185,669.99
47	8/1/05	65.68%	$77,083.33	$5,704,166.67	$35,520.00	$371,596.13	$6,075,762.79
48	9/1/05	64.49%	$77,083.33	$5,627,083.33	$35,520.00	$338,553.44	$5,965,636.77
49	10/1/05	63.30%	$77,083.33	$5,550,000.00	$35,520.00	$305,290.46	$5,855,290.46
50	11/1/05	62.11%	$77,083.33	$5,472,916.67	$35,520.00	$271,805.73	$5,744,722.39
51	12/1/05	60.91%	$77,083.33	$5,395,833.33	$35,520.00	$238,097.77	$5,633,931.10
52	1/1/06	59.71%	$77,083.33	$5,318,750.00	$17,760.00	$204,165.08	$5,522,915.08
53	2/1/06	58.70%	$77,083.33	$5,241,666.67	$17,760.00	$187,766.19	$5,429,432.85
54	3/1/06	57.68%	$77,083.33	$5,164,583.33	$17,760.00	$171,257.96	$5,335,841.29
55	4/1/06	56.67%	$77,083.33	$5,087,500.00	$17,760.00	$154,639.68	$5,242,139.68
56	5/1/06	55.66%	$77,083.33	$5,010,416.67	$17,760.00	$137,910.61	$5,148,327.28
57	6/1/06	54.64%	$77,083.33	$4,933,333.33	$17,760.00	$121,070.01	$5,054,403.35
58	7/1/06	53.63%	$77,083.33	$4,856,250.00	$17,760.00	$104,117.15	$4,960,367.15
59	8/1/06	52.61%	$77,083.33	$4,779,166.67	$17,760.00	$87,051.26	$4,866,217.93
60	9/1/06	51.59%	$77,083.33	$4,702,083.33	$17,760.00	$69,871.60	$4,771,954.94
61	10/1/06	50.57%	$77,083.33	$4,625,000.00	$17,760.00	$52,577.42	$4,677,577.42
62	11/1/06	49.55%	$77,083.33	$4,547,916.67	$17,760.00	$35,167.93	$4,583,084.60
63	12/1/06	48.52%	$77,083.33	$4,470,833.33	$17,760.00	$17,642.38	$4,488,475.72
64	1/1/07	47.50%	$77,083.33	$4,393,750.00			$4,393,750.00
65	2/1/07	46.67%	$77,083.33	$4,316,666.67			$4,316,666.67
66	3/1/07	45.83%	$77,083.33	$4,239,583.33			$4,239,583.33
67	4/1/07	45.00%	$77,083.33	$4,162,500.00			$4,162,500.00
68	5/1/07	44.17%	$77,083.33	$4,085,416.67			$4,085,416.67
69	6/1/07	43.33%	$77,083.33	$4,008,333.33			$4,008,333.33
70	7/1/07	42.50%	$77,083.33	$3,931,250.00			$3,931,250.00
71	8/1/07	41.67%	$77,083.33	$3,854,166.67			$3,854,166.67
72	9/1/07	40.83%	$77,083.33	$3,777,083.33			$3,777,083.33
73	10/1/07	40.00%	$77,083.33	$3,700,000.00			$3,700,000.00
74	11/1/07	39.17%	$77,083.33	$3,622,916.67			$3,622,916.67
75	12/1/07	38.33%	$77,083.33	$3,545,833.33			$3,545,833.33
76	1/1/08	37.50%	$77,083.33	$3,468,750.00			$3,468,750.00
77	2/1/08	36.67%	$77,083.33	$3,391,666.67			$3,391,666.67
78	3/1/08	35.83%	$77,083.33	$3,314,583.33			$3,314,583.33
79	4/1/08	35.00%	$77,083.33	$3,237,500.00			$3,237,500.00
80	5/1/08	34.17%	$77,083.33	$3,160,416.67			$3,160,416.67
81	6/1/08	33.33%	$77,083.33	$3,083,333.33			$3,083,333.33

The Termination Value of the Aircraft shall be set forth opposite the applicable rent payment, plus accrued interest to such date.

CAPITALIZED LESSOR'S COST: $9,250,000.00

Payment Number	Monthly Period	Termination Value as a % of Cost	(1) Ten Year Straight-Line Amotization	(2) Unamortized Balance	(3) Monthly Depreciation Benefits	(4) Present Value of Depreciation Benefits	(2) + (4) Termination Value
82	7/1/08	32.50%	$77,083.33	$3,006,250.00			$3,006,250.00
83	8/1/08	31.67%	$77,083.33	$2,929,166.67			$2,929,166.67
84	9/1/08	30.83%	$77,083.33	$2,852,083.33			$2,852,083.33
85	10/1/08	30.00%	$77,083.33	$2,775,000.00			$2,775,000.00
86	11/1/08	29.17%	$77,083.33	$2,697,916.67			$2,697,916.67
87	12/1/08	28.33%	$77,083.33	$2,620,833.33			$2,620,833.33
88	1/1/09	27.50%	$77,083.33	$2,543,750.00			$2,543,750.00
89	2/1/09	26.67%	$77,083.33	$2,466,666.67			$2,466,666.67
90	3/1/09	25.83%	$77,083.33	$2,389,583.33			$2,389,583.33
91	4/1/09	25.00%	$77,083.33	$2,312,500.00			$2,312,500.00
92	5/1/09	24.17%	$77,083.33	$2,235,416.67			$2,235,416.67
93	6/1/09	23.33%	$77,083.33	$2,158,333.33			$2,158,333.33
94	7/1/09	22.50%	$77,083.33	$2,081,250.00			$2,081,250.00
95	8/1/09	21.67%	$77,083.33	$2,004,166.67			$2,004,166.67
96	9/1/09	20.83%	$77,083.33	$1,927,083.33			$1,927,083.33
97	10/1/09	20.00%	$77,083.33	$1,850,000.00			$1,850,000.00
98	11/1/09	19.17%	$77,083.33	$1,772,916.67			$1,772,916.67
99	12/1/09	18.33%	$77,083.33	$1,695,833.33			$1,695,833.33
100	1/1/10	17.50%	$77,083.33	$1,618,750.00			$1,618,750.00
101	2/1/10	16.67%	$77,083.33	$1,541,666.67			$1,541,666.67
102	3/1/10	15.83%	$77,083.33	$1,464,583.33			$1,464,583.33
103	4/1/10	15.00%	$77,083.33	$1,387,500.00			$1,387,500.00
104	5/1/10	14.17%	$77,083.33	$1,310,416.67			$1,310,416.67
105	6/1/10	13.33%	$77,083.33	$1,233,333.33			$1,233,333.33
106	7/1/10	12.50%	$77,083.33	$1,156,250.00			$1,156,250.00
107	8/1/10	11.67%	$77,083.33	$1,079,166.67			$1,079,166.67
108	9/1/10	10.83%	$77,083.33	$1,002,083.33			$1,002,083.33
109	10/1/10	10.00%	$77,083.33	$925,000.00			$925,000.00
110	11/1/10	9.17%	$77,083.33	$847,916.67			$847,916.67
111	12/1/10	8.33%	$77,083.33	$770,833.33			$770,833.33
112	1/1/11	7.50%	$77,083.33	$693,750.00			$693,750.00
113	2/1/11	6.67%	$77,083.33	$616,666.67			$616,666.67
114	3/1/11	5.83%	$77,083.33	$539,583.33			$539,583.33
115	4/1/11	5.00%	$77,083.33	$462,500.00			$462,500.00
116	5/1/11	4.17%	$77,083.33	$385,416.67			$385,416.67
117	6/1/11	3.33%	$77,083.33	$308,333.33			$308,333.33
118	7/1/11	2.50%	$77,083.33	$231,250.00			$231,250.00
119	8/1/11	1.67%	$77,083.33	$154,166.67			$154,166.67
120	9/1/11	0.83%	$77,083.33	$77,083.33			$77,083.33

EXHIBIT I

$1,500,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

SEPTEMBER 8, 1999

among

WILLIAMS COMMUNICATIONS, LLC,
as Borrower

WILLIAMS COMMUNICATIONS GROUP, INC.,
as Guarantor

THE LENDERS PARTY HERETO,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Syndication Agent

SALOMON SMITH BARNEY INC.

and

LEHMAN BROTHERS, INC.,
as Joint Lead Arrangers and Joint Bookrunners
with respect to the Incremental Facility referred to herein

SALOMON SMITH BARNEY INC.,

LEHMAN BROTHERS, INC.,

and

MERRILL LYNCH & CO., INC.

as Co-Documentation Agents

ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms....1
SECTION 1.02. Classification of Loans and Borrowings....36
SECTION 1.03. Terms Generally....36
SECTION 1.04. Accounting Terms; GAAP....37

ARTICLE 2 THE CREDITS

SECTION 2.01. Commitments....38
SECTION 2.02. Loans and Borrowings....38
SECTION 2.03. Requests for Borrowings....39
SECTION 2.04. Swingline Loans....40
SECTION 2.05. Letters of Credit....42
SECTION 2.06. Funding of Borrowings....46
SECTION 2.07. Interest Elections....47
SECTION 2.08. Termination and Reduction of Commitments....48
SECTION 2.09. Repayment of Loans; Evidence of Debt....51
SECTION 2.10. Amortization of Term Loans and Incremental Term Loans....52
SECTION 2.11. Prepayment of Loans....55
SECTION 2.12. Fees....57
SECTION 2.13. Interest....58
SECTION 2.14. Alternate Rate of Interest....59
SECTION 2.15. Increased Costs....60
SECTION 2.16. Break Funding Payments....61
SECTION 2.17. Taxes....62
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs....63
SECTION 2.19. Mitigation Obligations; Replacement of Lenders....65
SECTION 2.20. Additional Incremental Facilities and Commitments....66

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Organization; Powers....67
SECTION 3.02. Authorization; Enforceability....67
SECTION 3.03. Governmental Approvals; No Conflicts....68
SECTION 3.04. Financial Condition; No Material Adverse Change....68
SECTION 3.05. Properties....69
SECTION 3.06. Litigation and Environmental Matters....69
SECTION 3.07. Compliance with Laws and Agreements....70
SECTION 3.08. Investment and Holding Company Status....70

SECTION 3.09. Taxes....70
SECTION 3.10. ERISA....70
SECTION 3.11. Disclosure....71
SECTION 3.12. Subsidiaries....71
SECTION 3.13. Insurance....71
SECTION 3.14. Labor Matters....71
SECTION 3.15. Solvency....72
SECTION 3.16. No Burdensome Restrictions....72
SECTION 3.17. Representations in Loan Documents True and Correct....72

ARTICLE 4 CONDITIONS

SECTION 4.01. Effective Date....72
SECTION 4.02. Each Credit Event....72
SECTION 4.03. First Incremental Borrowing Date with Respect to the Incremental Facility....73

ARTICLE 5 AFFIRMATIVE COVENANTS

SECTION 5.01. Financial Statements and Other Information....73
SECTION 5.02. Notices of Material Events....76
SECTION 5.03. Existence; Conduct of Business....77
SECTION 5.04. Payment of Obligations....77
SECTION 5.05. Maintenance of Properties....77
SECTION 5.06. Insurance....77
SECTION 5.07. Casualty and Condemnation....77
SECTION 5.08. Books and Records; Inspection and Audit Rights....78
SECTION 5.09. Compliance with Laws....78
SECTION 5.10. Use of Proceeds and Letters of Credit....78
SECTION 5.11.A Initial Collateral Date....78
SECTION 5.11.B Collateral Event....79
SECTION 5.12. Information Regarding Collateral....81
SECTION 5.13. Additional Subsidiaries....82
SECTION 5.14. Further Assurances....83
SECTION 5.15. Concentration Accounts....84
SECTION 5.16. Dissolution of CNG....84
SECTION 5.17. Sale of Solutions and ATL....84
SECTION 5.18. Qualifying Issuances....84

ARTICLE 6 NEGATIVE COVENANTS

SECTION 6.01. Indebtedness; Certain Equity Securities....85
SECTION 6.02. Liens....87

SECTION 6.03. Fundamental Changes....89
SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions....89
SECTION 6.05. Asset Sales....92
SECTION 6.06. Sale and Leaseback Transactions....93
SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness....94
SECTION 6.08. Limitation on Capital Expenditures....95
SECTION 6.09. Transactions with Affiliates....96
SECTION 6.10. Restrictive Agreements....96
SECTION 6.11. Fiscal Year....97
SECTION 6.12. Change in Business....97
SECTION 6.13. Amendment of Material Documents....97
SECTION 6.14. Designation of Unrestricted Subsidiaries....97
SECTION 6.15. Total Net Debt to Contributed Capital Ratio....98
SECTION 6.16. Minimum EBITDA....98
SECTION 6.17. Total Leverage Ratio....98
SECTION 6.18. Senior Leverage Ratio....99
SECTION 6.19. Interest Coverage Ratio....99
SECTION 6.20. Financial Covenant Non-Compliance Cure....99

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default....100

ARTICLE 8 THE AGENTS

SECTION 8.01. Appointment, Powers, Immunities....103
SECTION 8.02. Reliance by Agents....104
SECTION 8.03. Delegation to Sub-Agents....104
SECTION 8.04. Resignation of Agents....104
SECTION 8.05. Non-reliance on Agents or other Lenders....105
SECTION 8.06. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents....105

ARTICLE 9 HOLDINGS GUARANTEE

SECTION 9.01. The Guarantee....105
SECTION 9.02. Guarantee Unconditional....106
SECTION 9.03. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances....106
SECTION 9.04. Waiver....107
SECTION 9.05. Subrogation....107

SECTION 9.06. Stay of Acceleration....................107
SECTION 9.07. Successors and Assigns....................107

ARTICLE 10 MISCELLANEOUS

SECTION 10.01. Notices....................108
SECTION 10.02. Waivers; Amendments....................108
SECTION 10.03. Expenses; Indemnity; Damage Waiver....................110
SECTION 10.04. Successors and Assigns....................111
SECTION 10.05. Survival....................115
SECTION 10.06. Counterparts; Integration; Effectiveness....................115
SECTION 10.07. Severability....................116
SECTION 10.08. Right of Setoff....................116
SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process....................116
SECTION 10.10. WAIVER OF JURY TRIAL....................117
SECTION 10.11. Headings....................117
SECTION 10.12. Confidentiality....................117
SECTION 10.13. Interest Rate Limitation....................118

SCHEDULE 2.01	-	COMMITMENTS
SCHEDULE 3.05	-	REAL PROPERTY
SCHEDULE 3.06	-	DISCLOSED MATTERS
SCHEDULE 3.12	-	SUBSIDIARIES
SCHEDULE 3.13	-	INSURANCE
SCHEDULE 6.01	-	EXISTING INDEBTEDNESS
SCHEDULE 6.02	-	EXISTING LIENS
SCHEDULE 6.04	-	EXISTING INVESTMENTS
SCHEDULE 6.09	-	EXISTING AFFILIATE AGREEMENTS
SCHEDULE 6.10	-	EXISTING RESTRICTIVE AGREEMENTS

EXHIBIT A	-	FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT B	-	FORM OF BORROWING REQUEST
EXHIBIT C-1	-	FORM OF OPINION OF SPECIAL COUNSEL TO HOLDINGS, THE BORROWER AND THE SUBSIDIARY LOAN PARTIES
EXHIBIT C-2	-	FORM OF OPINION OF THE GENERAL COUNSEL OF HOLDINGS
EXHIBIT D	-	FORM OF SUBSIDIARY GUARANTEE
EXHIBIT E	-	FORM OF REVOLVING NOTE
EXHIBIT F	-	FORM OF TERM NOTE
EXHIBIT G	-	FORM OF INTERCOMPANY NOTE
EXHIBIT H	-	FORM OF INTERCREDITOR AGREEMENT
EXHIBIT I	-	[INTENTIONALLY DELETED]
EXHIBIT J	-	FORM OF PROMISSORY NOTE
EXHIBIT K	-	FORM OF SECURITY AGREEMENT
EXHIBIT L	-	FORM OF INCREMENTAL TERM NOTE

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of September 8, 1999 among Williams Communications, LLC, a Delaware limited liability company, Williams Communications Group, Inc., a Delaware corporation, the LENDERS party hereto, BANK OF AMERICA, N.A., as Administrative Agent, THE CHASE MANHATTAN BANK, as Syndication Agent, and SALOMON SMITH BARNEY INC. and LEHMAN BROTHERS, INC., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein.

WHEREAS, Holdings, the Borrower, the lenders party thereto, Bank of America, N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent and Salomon Smith Barney Inc. and Lehman Brothers, Inc., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein, have entered into an Amendment No. 5 dated as of April 12, 2001 ("Amendment No. 5") pursuant to which such parties have agreed to amend and restate the Existing Agreement referred to therein as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Additional Capital" means the sum of:

(a) $850 million;

(b) the aggregate Net Proceeds received by the Borrower from the issuance or sale of any Qualifying Equity Interests of Holdings, subsequent to the Amendment No. 4 Effective Date; and

(c) the aggregate Net Proceeds from the issuance or sale of Qualifying Holdings Debt subsequent to the Amendment No. 4 Effective Date convertible or exchangeable into Qualifying Equity Interests of Holdings, in each case upon conversion or exchange thereof into Qualifying Equity Interests of Holdings subsequent to the Amendment No. 4 Effective Date;

provided, however, that the Net Proceeds from the issuance or sale of Equity Interests or Debt described in clause (b) or (c) shall be excluded from any computation of Additional Capital to the extent (1) utilized to make a Restricted Payment or (2) such Equity Interests or Debt shall have been issued or sold to the Borrower, a Subsidiary of the Borrower or a Plan.

"Additional Incremental Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility Agreement" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Loan" means an Additional Incremental Revolving Loan or an Additional Incremental Term Loan.

"Additional Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Revolving Loan" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Adjusted EBITDA" means, for any period of four consecutive fiscal quarters:

(i) if such period is a period ending on or after June 30, 1999 and on or before September 30, 2001,

(A) an amount equal to (x)(1) EBITDA for the last fiscal quarter in such period plus (2) ADP Interest Expense for such fiscal quarter minus (3) gain for such fiscal quarter attributable to Dark Fiber and Capacity Dispositions multiplied by (y) four, plus

(B) Dark Fiber and Capacity Proceeds for such period; and

(ii) if such period is any other period,

(A) EBITDA for such period plus (y) ADP Interest Expense for such period minus (z) gain for such period attributable to Dark Fiber and Capacity Dispositions plus

(B) Dark Fiber and Capacity Proceeds for such period.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Bank of America, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"ADP" means the program set forth in the Operative Documents.

"ADP Event of Default" has the meaning assigned to such term in the Intercreditor Agreement.

"ADP Interest Expense" means, for any period, the amount that would be accrued for such period in respect of the Borrower's obligations under the ADP that would constitute "interest expense" for such period if such obligations were treated as Capital Lease Obligations.

"ADP Obligations" means all obligations of Holdings or any Subsidiary under the ADP.

"ADP Outstandings" means, at any time, the amount of the Borrower's obligations at such time in respect of the ADP that would be considered "principal" if such obligations were treated as Capital Lease Obligations.

"ADP Property" has the meaning assigned to the term "Property" in the Participation Agreement.

"Affiliate" means, with respect to a specified Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls (a "controlling Person"), is Controlled by or is under common Control with the specified Person, (ii) any Person that holds, directly or indirectly, 10% or more of the Equity Interests of the specified Person and (iii) any Person 10% or more of the Equity Interests of which are held directly or indirectly by the specified Person or a controlling Person.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and each Co-Documentation Agent.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Amendment No. 4 Effective Date" means March 19, 2001.

"Amendment No. 5" has the meaning set forth in the preamble.

"Amendment No. 5 Effective Date" means the date of effectiveness of Amendment No. 5.

"Applicable Margin" means, for any day, (a) with respect to any Term Loan or Revolving Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

(b) with respect to any Incremental Tranche A Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

	FACILITIES RATING	EURODOLLAR SPREAD	ABR SPREAD	LEVERAGE PREMIUM
LEVEL I	BBB- and Baa3 or higher	1.50%	0.50%	0.25%
LEVEL II	BB+ and Ba1	1.875%	0.875%	0.25%
LEVEL III	BB and Ba2	2.25%	1.25%	0.25%
LEVEL IV	BB- and Ba3	2.50%	1.50%	0.25%
LEVEL V	Lower than BB- or lower than Ba3	2.75%	1.75%	0.25%

and

(c) with respect to any Additional Incremental Loan, the Applicable Margin in respect thereof set forth in the applicable Additional Incremental Facility Agreement.

For purposes of the foregoing clauses (a) and (b), (i) if neither S&P nor Moody's shall have in effect a rating for the Facilities (other than by reason of the circumstances referred to in the last sentence of this definition), then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply (other than with respect to the Leverage Premium or as described in the immediately succeeding sentence or the immediately succeeding paragraph) during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P or Moody's shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any such amendment shall be subject to the provisions of Section 10.02(b).

If the Borrower shall enter into any Additional Incremental Facility Agreement, the Borrower, the Incremental Facility Arrangers and the Administrative Agent, on behalf of the then current Lenders, shall evaluate in good faith at such time whether to amend this definition of Applicable Margin with respect to the Term Loans, the Revolving Loans and the Incremental Tranche A Term Loans. Any such amendment shall be subject to the provisions of Section 10.02(b).

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"ATL" means ATL-Algar Telecom Leste S.A., a Brazilian corporation.

"Attributable Debt" means, on any date, in respect of any lease of Holdings or any Restricted Subsidiary entered into as part of a Sale and Leaseback Transaction subject to Section 6.06(ii), (i) if such lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bank of America" means Bank of America, N.A.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Williams Communications, LLC, a Delaware limited liability company.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of Holdings and the Restricted Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Holdings and the Restricted Subsidiaries for such period prepared in accordance with GAAP, other than any such capital expenditures that constitute Investments permitted under Section 6.04 (other than Section 6.04(i)); provided that any use during such period of the proceeds of any such Investment made by the recipient thereof for additions to property, plant and equipment and other capital expenditures, as described in this definition, shall (unless

such use shall, itself, constitute an Investment permitted under Section 6.04 (other than Section 6.04(i)) constitute "Capital Expenditures".

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalent Investments" means:

(1) Government Securities maturing, or subject to tender at the option of the holder thereof, within two years after the date of acquisition thereof;

(2) time deposits and certificates of deposit of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the law of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, in either case with a maturity date not more than one year from the date of acquisition;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with (a) any bank meeting the qualifications specified in clause (2) above or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing, or subject to tender at the option of the holder of such obligation, within one year after the date of acquisition thereof; provided that, at the time of acquisition, the long-term debt of such state, political subdivision or public instrumentality has a rating of A, or higher, from S&P or A-2 or higher from Moody's or, if at any time neither S&P nor Moody's shaft be rating such obligations, then an equivalent rating from such other nationally recognized rating service as is acceptable to the Administrative Agent;

(5) commercial paper issued by the parent corporation of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total

assets in excess of $500,000,000, or its foreign currency equivalent at the time, and money market instruments and commercial paper issued by others having one of the three highest ratings obtainable from either S&P or Moody's, or, if at any time neither S&P nor Moody's shall be rating such obligations, then from such other nationally recognized rating service as is acceptable to the Administrative Agent and in each case maturing within one year after the date of acquisition;

(6) overnight bank deposits and bankers' acceptances at (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time;

(7) deposits available for withdrawal on demand with (a) a commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time; and

(8) investments in money market funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7).

"Change in Control" means:

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any shares of capital stock of the Borrower;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the Commission thereunder as in effect on the date hereof) other than the Parent and its subsidiaries, of shares representing more than 35% of either (i) the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) the issued and outstanding capital stock of Holdings;

(c) other than as a result of the consummation of the Spin-Off, the failure of the Parent and its subsidiaries to own, directly or indirectly, (i) more than 75% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) more than 65% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the issued and outstanding capital stock of Holdings;

(d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed by directors so nominated; or

(e) the acquisition of direct or indirect Control of Holdings by any Person or group (other than, prior to the consummation of the Spin-Off, the Parent).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, any Swingline Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender, Swingline Lender or Issuing Bank or by such Lender's, Swingline Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Class" means, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Swingline Loans, Incremental Term Loans or Additional Incremental Loans and, when used in reference to any Commitment or Facility, refers to whether such Commitment or Facility is a Revolving Commitment or Facility, a Term Commitment or Facility, an Incremental Commitment or Facility or an Additional Incremental Commitment or Facility. The Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each Additional Incremental Facility shall constitute a separate Class from the Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each other Additional Incremental Facility, and if an Additional Incremental Facility includes Additional Incremental Revolving Commitments and Additional Incremental Term Commitments, such Additional Incremental Revolving Commitments and Additional Incremental Term Commitments and the Additional Incremental Revolving Loans and Borrowings thereof and the Additional Incremental Term Loans and Borrowings thereof, respectively, thereunder shall constitute separate Classes.

"CNG" means CNG Computer Networking Group, Inc., a Delaware corporation, and its successors and assigns.

"Co-Documentation Agent" means each of Salomon Smith Barney Inc., Lehman Brothers, Inc. and Merrill Lynch & Co., Inc., in each case in its capacity as a co-documentation agent hereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Collateral Document.

"Collateral Documents" means the Security Agreement and all security agreements, pledge agreements, mortgages and other security agreements or instruments or documents executed and delivered pursuant to Section 5.11B, 5.13 or 5.14.

"Collateral Establishment Date" has the meaning assigned to such term in Section 5.11B.

"Collateral Event" means the failure of the Facilities to be rated at least (i) BB- by S&P and (ii) Ba3 by Moody's.

"Collateral Notice" has the meaning assigned to such term in Section 5.11B.

"Collateral Release Event" means the occurrence, after the occurrence of a Collateral Event, of the earlier to occur of (i) the termination of the Commitments, the payment in full of all obligations under the Loan Documents and the expiration or termination of all Letters of Credit and (ii) the rating of the Facilities by S&P of BB+ or greater and by Moody's of Ba1 or greater, in each case after giving effect to the release of all Collateral.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means a Revolving Commitment, a Term Commitment, an Incremental Commitment, an Additional Incremental Commitment or any combination thereof (as the context requires).

"Commitment Fee Rate" means, (a) with respect to the Revolving Commitments and the Term Commitments, a rate per annum equal to (x) 1.00% for each day on which Usage is less than 33.3%, (y) 0.75% for each day on which Usage is equal to or greater than 33.3% but less than 66.6% and (z) 0.50% for each day on which Usage is equal to or greater than 66.6% and (b) with respect to the Incremental Tranche A Commitments, 0.75% for each day. For purposes of the foregoing, "Usage" means, on any date, the percentage obtained by dividing (i) in the case of Revolving Commitments, (a) the aggregate Revolving Exposure on such date less the aggregate principal amount of all Swingline Loans outstanding on such date by (b) the aggregate outstanding Revolving Commitments on such date and (ii) in the case of Term Commitments, (a) the aggregate principal amount of all Term Loans outstanding on such date by (b) the sum of the aggregate principal amount of all Term Loans outstanding on such date and the aggregate unused Term Commitments on such date.

"Commitment Fees" has the meaning assigned to such term in Section 2.12.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings and the Restricted Subsidiaries (exclusive of the portion of net income allocable to Persons that are not Restricted Subsidiaries, except to the extent such amounts are received in cash by the Borrower or a Restricted Subsidiary) for such period.

"Consolidated Assets" means, at any date, the consolidated assets of Holdings and the Restricted Subsidiaries.

"Contributed Capital" means, at any date, (i) Total Net Debt at such date plus (ii) without duplication, all cash proceeds received by Holdings on or prior to such date from contributions to the capital, or purchases of common equity securities, of Holdings, including, without limitation, the proceeds of the Equity Issuance, and all other capital contributions made by the Parent and its subsidiaries (other than Holdings and its Subsidiaries) to Holdings, but only to the extent that proceeds of any of the foregoing are contributed by Holdings to the Borrower.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Dark Fiber and Capacity Proceeds" means, for any period, cash proceeds received by Holdings and the Restricted Subsidiaries in respect of Dark Fiber and Capacity Dispositions during such period.

"Dark Fiber and Capacity Disposition" means a lease, sale, conveyance or other disposition of fiber optic cable or capacity for a period constituting all or substantially all of the expected useful life of either the fiber optic cable (in the case of Dark Fiber Disposition) or optronic equipment generating the capacity (in the case of Capacity Disposition) thereof.

"Deemed Subsidiary Investment" has the meaning assigned to such term in Section 6.14.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disqualified Stock" of any Person means any Equity Interest of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the

option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Term Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period,

(i) Consolidated Net Income for such period,

plus,

(ii) to the extent deducted in determining Consolidated Net Income, the sum, without duplication, of (w) interest expense, (x) income tax expense, (y) depreciation and amortization expense and (z) non-cash extraordinary or non-recurring charges (if any), in each case recognized in such period;

minus,

(iii) to the extent included in Consolidated Net Income for such period, extraordinary or non-recurring gains (if any), in each case recognized in such period.

"Effective Date" means September 8, 1999.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material, the health effects of Hazardous Materials or safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"Equity Issuance" means the issuance and sale by Holdings of its common stock (x) in an initial public offering or (y) to certain strategic investors other than the Parent or any of its subsidiaries or Affiliates.

"Equity Issuance Registration Statement" means Amendment No. 7 to the Registration Statement on Form S-1 with respect to the Equity Issuance filed by Holdings with the Commission on September 2, 1999.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article 7.

"Excess Cash Flow" means, for any fiscal period, the sum (without duplication) of:

(a) the Consolidated Net Income (or loss) of Holdings and the Restricted Subsidiaries for such period, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization, non-cash interest expense and other non-cash charges or losses deducted in determining Consolidated Net Income (or loss) for such period; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such period plus (ii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries increased during such period plus (iii) the aggregate principal amount of Capital Lease Obligations and other Indebtedness incurred during such period to finance Capital Expenditures, to the extent that mandatory principal payments in respect of such Indebtedness would not be excluded from clause (f) below when made; minus

(d) the sum of (i) any non-cash gains included in determining Consolidated Net Income (or loss) for such period plus (ii) the amount, if any, by which Net Working Capital increased during such period plus (iii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries decreased during such period; minus

(e) Capital Expenditures for such period; minus

(f) the aggregate principal amount of long-term Indebtedness (including pursuant to Capital Lease Obligations) repaid or prepaid by Holdings and the Restricted Subsidiaries during such period, excluding (i) Indebtedness in respect of Revolving Loans, Incremental Revolving Loans, Additional Incremental Revolving Loans and Letters of Credit, (ii) Term Loans, Incremental Term Loans and Additional Incremental Term Loans prepaid pursuant to Section 2.11(b) or (c), (iii) repayments or prepayments of Indebtedness financed by incurring other Indebtedness, to the extent that mandatory principal payments in respect of such other Indebtedness would not be excluded from this clause (f) when made and (iv) Indebtedness referred to in Sections 6.01(d), 6.01(f), 6.01(g), 6.01(i), 6.01(j), 6.01(k) and 6.01(o).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is a resident or is organized or in which its principal

office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)) or any Participant that would be a Foreign Lender if it were a Lender, any withholding tax that (i) is imposed on or with respect to amounts payable to such Foreign Lender or Participant at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or such Participant become a Participant, except to the extent that such Foreign Lender (or its assignor, if any) or Participant was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender or Participant's failure to comply with Section 2.17(e).

"Existing International Joint Ventures" means ATL, PowerTel Limited and Telefonica Manquehue, S.A.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of Holdings or the Borrower, as the case may be.

"First Incremental Borrowing Date" means the date on which the first Borrowing under the Incremental Facility is made in accordance with Section 4.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia, other than a Subsidiary that is (whether as a matter of law, pursuant to an election by such Subsidiary or otherwise) treated as a partnership in which any Subsidiary

that is not a Foreign Subsidiary is a partner or as a branch of any Subsidiary that is not a Foreign Subsidiary for United States income tax purposes.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations fully and unconditionally guaranteed or insured by, the United States of America or any agency or instrumentality thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged and which are not callable or redeemable at the issuer's option; provided that, for purposes of the definition of "Cash Equivalents Investments" only, such obligations shall not constitute Government Securities if they are redeemable or callable at a price less than the purchase price paid by the Borrower or the applicable other Restricted Subsidiary, together with all accrued and unpaid interest, if any, on such Government Securities.

"Granting Lender" has the meaning set forth in Section 10.04(b)(2).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of

any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

"Hedge Counterparty" means each Lender that is, and each affiliate of any Lender that is, a counterparty under a Hedging Agreement entered into with the Borrower or any other Restricted Subsidiary.

"Hedging Agreement" means any interest rate protection agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"High Yield Notes" means the notes issued by Holdings (i) the terms of which either (A) are substantially similar to the terms set forth in the Notes Offering Registration Statement or (B) are otherwise approved by the Administrative Agent and the Syndication Agent after consultation with the Required Banks and (ii) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date.

"Holdings" means Williams Communications Group, Inc., a Delaware corporation.

"Incremental Commitments" means the Incremental Tranche A Commitments.

"Incremental Facility" means the Incremental Tranche A Facility.

"Incremental Facility Arrangers" means Salomon Smith Barney Inc. and Lehman Brothers, Inc., in their respective capacities as joint lead arrangers of the Incremental Facility.

"Incremental Lenders" means the Incremental Tranche A Lenders.

"Incremental Term Loans" means the Incremental Tranche A Term Loans.

"Incremental Tranche A Amortization Date" means December 31, 2002.

"Incremental Tranche A Commitments" means with respect to each Incremental Tranche A Lender, the commitment, if any, of such Lender to make Incremental Tranche A Term Loans hereunder during the Incremental Tranche A Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Incremental Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Tranche A Term Commitment is set forth on Schedule 2.01(b), or in the Assignment and Acceptance

pursuant to which such Lender shall have assumed its Incremental Tranche A Term Commitment, as applicable. The initial aggregate amount of the Incremental Tranche A Lenders' Incremental Tranche A Term Commitments is $450,000,000.

"Incremental Tranche A Commitment Termination Date" means the date that is the earlier of (i) 180 days after the Amendment No. 5 Effective Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Incremental Tranche A Facility" means the Incremental Tranche A Commitments and the Incremental Tranche A Term Loans hereunder.

"Incremental Tranche A Lenders" means a Lender with an Incremental Tranche A Commitment or an outstanding Incremental Tranche A Term Loan.

"Incremental Tranche A Maturity Date" means September 8, 2006.

"Incremental Tranche A Term Loan" means a Loan made pursuant to Section 2.01(b)(i).

"Incremental Tranche A Term Loan Availability Period" means the period from and including the First Incremental Borrowing Date to but excluding the earlier of (i) the Incremental Tranche A Commitment Termination Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all (x) Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Indebtedness only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor) and (y) ADP Outstandings, if any, of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such

Person in respect of bankers' acceptances, (j) any Disqualified Stock and (k) all obligations under any Hedging Agreements or Permitted Specified Security Hedging Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of the Borrower and the other Subsidiaries shall exclude any Indebtedness of Holdings that would otherwise constitute Indebtedness of the Borrower or any such Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d), and Indebtedness of Holdings and the Subsidiaries shall exclude any Indebtedness of the Parent that would otherwise constitute Indebtedness of Holdings or any Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated August 1999 relating to the Parent, Holdings, the Borrower and the Transactions.

"Initial Collateral Date" means the first date on which the Parent ceases to own at least a majority of the outstanding securities having ordinary voting power of Holdings, whether as a result of the consummation of the Spin-Off or otherwise.

"Intercreditor Agreement" means the Intercreditor Agreement, substantially in the form of Exhibit H hereto, among the Lenders, the Parent, Holdings and the Borrower.

"Interest Coverage Ratio" means, at any date, the ratio of (i) the amount equal to (A) EBITDA plus (B) ADP Interest Expense minus (C) gains attributable to Dark Fiber and Capacity Dispositions plus (D) Dark Fiber and Capacity Proceeds to (ii) Interest Expense, in each case for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"Interest Expense" means, for any period, the cash interest expense of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP plus ADP Interest Expense for such period, net of interest income for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with

an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, or six months (or if corresponding funding is available to each Lender of the applicable Class, twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America and Chase, each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such affiliate with respect to Letters of Credit issued by such affiliate.

"Investment" has the meaning assigned to such term in Section 6.04.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01, any Additional Incremental Lender that shall become a Lender pursuant to Section 2.20 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders and the Additional Incremental Lenders.

"Leverage Target Date" means the first date on or after March 31, 2002 on which the Total Leverage Ratio for the fiscal quarter (or fiscal year, as the case may be) most recently ended and with respect to which Holdings and the Borrower shall have delivered the financial statements required to be delivered by them with respect to such fiscal quarter (or fiscal year, as the case may be) pursuant to Section 5.01(a) or 5.01(b) does not exceed 3.5:1.0.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Parent Guarantee, the Subsidiary Guarantee, the Intercreditor Agreement, any Additional Incremental Facility Agreement and the Collateral Documents (if any).

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loan Party Guarantees" means the Subsidiary Guarantee.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Mark-to-Market Valuation" means, at any date with respect to any Hedging Agreement or Permitted Specified Security Hedging Transaction, all net obligations under such Hedging Agreement or Permitted Specified Security Hedging Transaction in an amount equal to (i) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has been closed out, the termination value thereof or (ii) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in Hedging Agreements or other transactions similar to such Hedging Agreement or Permitted Specified Security Hedging Transaction."

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of Holdings and the Restricted Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings or any Restricted Subsidiary in respect of any Hedging Agreement or Permitted Specified Security Hedging Transaction at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Restricted Subsidiary would be required to pay if such Hedging Agreement or Permitted Specified Security Hedging Transaction were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations.

"Mortgage Establishment Date" has the meaning assigned to such term in Section 5.11B(b).

"Mortgaged Property" means each parcel of real property and the improvements thereto owned by a Loan Party with respect to which a Mortgage is granted pursuant to Section 5.11B(b).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by Holdings and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by Holdings and the Restricted Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings and the Restricted Subsidiaries, and the amount of any reserves established by Holdings and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of Holdings).

"Net Working Capital" means, at any date, (a) the consolidated current assets of Holdings and the Restricted Subsidiaries as of such date (excluding cash and Cash Equivalent Investments) minus (b) the consolidated current liabilities of Holdings and the Restricted Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Notes Offering" means the public offering and sale of the High Yield Notes.

"Notes Offering Registration Statement" means Amendment No. 6 to the Registration Statement on Form S-1 with respect to the Notes Offering filed by Holdings with the Commission on September 2, 1999.

"Obligations" means (i) obligations under the Loan Documents, including (x) all principal of and interest (including, without limitation, Post-Petition Interest) on any Loan under, or any Note issued pursuant to, or any reimbursement obligation under any Letter of Credit under, the Credit Agreement and (y) all other amounts payable under the Loan Documents and (ii) obligations of any Loan Party under any Hedging Agreement with any Lender or any affiliate of any Lender, including, without limitation, a conditional obligation to make a future payment under an outstanding Hedging Agreement.

"Operative Documents" has the meaning set forth in the Participation Agreement.

"Other Financing Documents" means all agreements, instruments and other documents entered into or related to the Equity Issuance and the Notes Offering.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent" means The Williams Companies, Inc., a Delaware corporation.

"Parent Indemnity" means the Indemnification Agreement dated as of September 1, 1999 between the Parent and Holdings.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of September 2, 1998, as amended from time to time, among the Borrower, State Street Bank and Trust Company of Connecticut, National Association, as trustee, the Noteholders and Certificate Holders named therein, State Street Bank and Trust Company, as collateral agent, and Citibank, N.A., as agent, and the other agents, arrangers and managing agents party thereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract

from the value of the affected property or interfere with the ordinary conduct of business of Holdings or any Restricted Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Receivables Disposition" means any transfer (by way of sale, pledge or otherwise) by the Borrower or any Restricted Subsidiary to any other Person (including a Receivables Subsidiary) of accounts receivable and other rights to payment (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise and including the right to payment of interest or finance charges) and related contract and other rights and property (including all general intangibles, collections and other proceeds relating thereto, all security therefor (and the property subject thereto), all guarantees and other agreements or arrangements of whatsoever character from time to time supporting such right to payment, and all other rights, title and interest in goods relating to a sale which gave rise to such right of payment) in connection with a Permitted Receivables Financing.

"Permitted Receivables Financing" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $250,000,000 on terms reasonably satisfactory to all the Incremental Facility Arrangers (if any) and the Administrative Agent.

"Permitted Specified Security Hedging Transactions" means options, collars, forwards and other similar transactions (including, without limitation, prepaid forward transactions, collar/loan transactions and other similar transactions) with respect to any Specified Security entered into by the Borrower or any of its Subsidiaries to monetize the value of and/or hedge against changes in the market price of such Specified Security."

"Permitted Telecommunications Asset Disposition" means the transfer, conveyance, sale, lease or other disposition of an interest in or capacity on (1) optical fiber and/or conduit and any related equipment, technology or software used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would retain the right to use at least the minimum retained capacity set forth below:

(i) with respect to any Segment constructed by, for or on behalf of the Borrower or any Subsidiary or Affiliate, (x) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (y) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; and

(ii) with respect to any Segment purchased or leased from third parties, the lesser of (x) 50% of the optical fibers per route mile originally purchased or leased on such Segment, (y) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (z) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; or

(2) single strand fiber used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would not eliminate all capacity between the endpoint cities connected by any fiber of the Borrower or its Restricted Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Post-Petition Interest" means any interest that accrues after the commencement of any case, proceeding or action relating to the bankruptcy, reorganization or insolvency of the Borrower (or would accrue but for the operation of applicable bankruptcy, reorganization or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of Holdings or any Restricted Subsidiary, other than Dark Fiber and Capacity Dispositions and dispositions permitted under clauses (a) through (d) and (f) through (i) of Section 6.05 and except as contemplated by Sections 5.17 and 5.18; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset or purchase similar property or assets within 360 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01.

"Prepayment Portion" means in respect of any prepayment to be made pursuant to Section 2.11(b) or 2.11(c), a fraction, the numerator of which is the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate principal amount and the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction pursuant to Section 2.08(f) or (g) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Dallas, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning set forth in Section 3.04(d).

"Qualifying Borrower Indebtedness" means, unsecured Indebtedness of the Borrower to Holdings that (i) does not require the payment of any principal or cash interest prior to the first anniversary of the Term Maturity Date, (ii) is not redeemable by, or convertible or exchangeable for securities of the Borrower or any of its Subsidiaries that are redeemable by, the holder thereof, and not subject to any required sinking fund or other similar payment, prior to the first anniversary of the Term Maturity Date, (iii) is subordinated to the Obligations pursuant to subordination provisions at least as favorable to the holders of the Obligations as the provisions set forth in Exhibit J hereto and (iv) includes no covenants, events of default or acceleration provisions other than a customary bankruptcy default and acceleration provision.

"Qualifying Equity Interest" means, with respect to Holdings or the Borrower, Equity Interests of Holdings or the Borrower, as the case may be, that (i) are not mandatorily redeemable or redeemable at the option of the holder thereof, (ii) are not convertible into or exchangeable for debt securities of Holdings or any Restricted Subsidiary, Equity Interests in any Restricted Subsidiary or Equity Interests that are not Qualifying Equity Interests of Holdings, (iii) are not required to be repurchased or redeemed by Holdings or any Restricted Subsidiary and (iv) do not require the payment of cash dividends, in each of the foregoing cases, prior to the date that is one year after the Term Maturity Date.

"Qualifying Holdings Debt" means unsecured debt of Holdings (other than the High Yield Notes) (i) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date, (ii) the payment of the principal of and interest on which and other payment obligations of Holdings in respect of which are subordinated to the prior payment in full in cash of the principal of and interest (including Post-Petition Interest) on the Loans and all other obligations under the Loan Documents and (iii) the terms and conditions of which are reasonably satisfactory to the Required Lenders.

"Qualifying Issuances" means (i) any issuance of Qualifying Equity Interests of Holdings, (ii) any issuance of unsecured Indebtedness described in clauses (a) or (b) of the definition thereof of Holdings or the Borrower, and (iii) any Sale and Leaseback Transaction by the Borrower or a Restricted Subsidiary the subject property of which is the building under construction as of the Amendment No. 4 Effective Date and adjacent to One Williams Center, together with the parking garage adjacent thereto, or any one or more of three corporate jets identified by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date, so long as the terms and conditions of any such Indebtedness or Sale and Leaseback Transaction shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Receivables Subsidiary" means any wholly-owned Unrestricted Subsidiary (regardless of the form thereof) of the Borrower formed solely for the purpose of, and which engages in no other activities except those necessary for, effecting Permitted Receivables Financings.

"Reduction Portion" means, in respect of any reduction of Revolving Commitments or Additional Incremental Revolving Commitments to be made pursuant to Section 2.08(f) or (g), a fraction, the numerator of which is the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate Commitments and the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under Section 2.11(b) or 2.11(c) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Reorganization" means the contribution to the Borrower by the Parent and its subsidiaries (other than Holdings and the Subsidiaries) of its material subsidiaries that hold interests in international communications projects (other than Algar Telecom S.A. (formerly known as Lightel S.A.) and by Holdings of all of its material subsidiaries (other than the Borrower and its subsidiaries), in each case not previously held, directly or indirectly, by the Borrower.

"Required Lenders" means, at any time, Lenders having outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments representing more than 50% of the sum of the total outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such shares of capital stock of Holdings, the Borrower or any Subsidiary.

"Restricted Subsidiary" means the Borrower and each other Subsidiary (other than any Foreign Subsidiary) of Holdings that has not been designated as an Unrestricted Subsidiary pursuant to and in compliance with Section 6.14. On the Effective Date, all Subsidiaries (other than (i) each Structured Note Trust and (ii) any Foreign Subsidiary) of Holdings are Restricted Subsidiaries.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment as of

the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $525,000,000.

"Revolving Commitment Reduction Date" means September 30, 2002.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Facility" means the Revolving Commitments and the Revolving Loans hereunder.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Revolving Maturity Date" means the sixth anniversary of the Effective Date.

"Sale and Leaseback Transaction" has the meaning set forth in Section 6.06.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"Security Agreement" means the security agreement substantially in the form of Exhibit K hereto among the Borrower, each Restricted Subsidiary and the Administrative Agent entered into as of the Initial Collateral Date, as amended from time to time.

"Segment" means (i) with respect to the Borrower's and the other Restricted Subsidiaries' intercity network, the through-portion of such network between two local networks and (ii) with respect to a local network of the Borrower and the other Restricted Subsidiaries, the entire through-portion of such network, excluding the spurs which branch off the through-portion.

"Senior Debt" means, at any date, without duplication, all Indebtedness (other than Qualifying Borrower Indebtedness permitted under Section 6.01(p)) of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower, determined on a consolidated basis at such date and the ADP Outstandings at such date; provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of the Borrower and the Restricted Subsidiaries that are subsidiaries of the Borrower then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such

aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Mark-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero."

"Senior Leverage Ratio" means, at any date, the ratio of (i) Senior Net Debt at such date, to (ii) Adjusted EBITDA, for the period of four fiscal quarters most recently ended on or prior to such date.

"Senior Net Debt" means, at any date, Senior Debt at such date minus the aggregate amount of all cash and Cash Equivalent Investments of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Solutions" means Williams Communications Solutions, LLC, a Delaware corporation, and its successors and assigns.

"SPC" has the meaning set forth in Section 10.04(b)(2).

"Specified Hedging Agreement" has the meaning set forth in Section 9.01.

"Specified Indebtedness" has the meaning set forth in Section 6.07(b).

"Specified Security" means publicly traded equity securities of actual or prospective customers or vendors of the Borrower and its subsidiaries acquired by the Borrower and its subsidiaries in connection with (or pursuant to warrants, options or rights acquired in connection with) actual or prospective commercial agreements with such customers or vendors; provided that securities of the Borrower or any of its subsidiaries or Affiliates shall not constitute Specified Securities.

"Spin-Off" means the distribution by Parent to its shareholders of all or substantially all of the capital stock of Holdings held by Parent substantially on the terms described by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such

Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Structured Note Bridge Indebtedness" means the Indebtedness permitted to be incurred by Holdings pursuant to Section 6.01(t).

"Structured Note Financing" means the issuance by the Structured Note Trust of notes for cash Net Proceeds of up to $1,500,000,000 substantially on the terms and conditions described by the Borrower in the "Term Sheet for Structured Note" included as an attachment to the Borrower's Amendment Request distributed to the Lenders on or prior to March 7, 2001 or otherwise approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Structured Note Trust" means WCG Note Trust and WCG Note Corp., Inc., each of which is an Unrestricted Subsidiary created for the purpose of consummating the Structured Note Financing and conducting no activities other than the consummation of the Structured Note Financing and activities incidental thereto.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of Holdings. For purposes of the representations and warranties made herein on the Effective Date, the term "Subsidiary" includes each of the Borrower and the other Restricted Subsidiaries.

"Subsidiary Designation" has the meaning set forth in Section 6.14.

"Subsidiary Guarantee" means the Subsidiary Guarantee, substantially in the form of Exhibit D, made by the Subsidiary Loan Parties in favor of the Administrative Agent for the benefit of the Lenders, and any Supplements thereto.

"Subsidiary Loan Party" means any Restricted Subsidiary (other than the Borrower) that is not a Foreign Subsidiary; provided that no Receivables Subsidiary shall be a Subsidiary Loan Party for any purpose under the Loan Documents.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lenders" means Bank of America and Chase, each in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Syndication Agent" means Chase, in its capacity as syndication agent hereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telecommunications Assets" means:

(a) any property (other than cash or Cash Equivalent Investments) to be owned or used by the Borrower or any other Restricted Subsidiary and used in the Telecommunications Business; and

(b) Equity Interests of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Equity Interests by the Borrower or any other Restricted Subsidiary from any Person other than an Affiliate of Holdings or the Borrower; provided that such Person is primarily engaged in the Telecommunications Business.

"Telecommunications Business" means the business of:

(a) transmitting, or providing services relating to the transmission of, voice, video or data through owned or leased transmission facilities or the right to use such facilities;

(b) constructing, acquiring, creating, developing, operating, managing or marketing communications networks, related network transmission equipment, software and other devices for use in a communications business;

(c) computer outsourcing, data center management, computer systems integration, reengineering of computer software for any purpose, including, without limitation, for the purposes of porting computer software from one

operating environment or computer platform to another or to address issues commonly referred to as "Year 2000 issues";

(d) constructing, managing or operating fiber optic telecommunications networks and leasing capacity on those networks to third parties;

(e) the sale, resale, installation or maintenance of communications systems or equipment; or

(f) evaluating, participating in or pursuing any other activity or opportunity that is primarily related to those identified in (a), (b), (c), (d) or (e) above;

provided that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of Holdings.

"Term Amortization Date" means September 30, 2002.

"Term Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder during the Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Term Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Term Commitment, as applicable. The initial aggregate amount of the Lenders' Term Commitments is $525,000,000.

"Term Commitment Termination Date" means September 8, 2000.

"Term Facility" means the Term Commitments and the Term Loans hereunder.

"Term Lender" means a Lender with a Term Commitment or an outstanding Term Loan.

"Term Loan" means a Loan made pursuant to Section 2.01(a)(i).

"Term Loan Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Term Commitment Termination Date and the date of termination of the Term Commitments.

"Term Maturity Date" means September 30, 2006.

"Total Debt" means, at any date, without duplication, the sum of all Indebtedness of Holdings and the Restricted Subsidiaries, determined on a consolidated basis at such

date, and the ADP Outstandings at such date, provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of Holdings and the Restricted Subsidiaries then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Market-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero.

"Total Leverage Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Adjusted EBITDA for the period of four fiscal quarters most recently ended on or prior to such date.

"Total Net Debt" means, at any date, Total Debt at such date, minus the aggregate amount of all cash and Cash Equivalent Investments of Holdings and the Restricted Subsidiaries (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Total Net Debt to Contributed Capital Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Contributed Capital at such date.

"Trading Subsidiary" has the meaning assigned to such term in Section 6.03(c).

"Transactions" means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to an Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (i) any Subsidiary (other than the Borrower) that is designated by the Board of Directors of Holdings as an Unrestricted Subsidiary in accordance with Section 6.14, and (ii) each Structured Note Trust.

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, whether or not the right so to vote has been suspended by the happening of such a contingency.

"Weighted Average Life to Maturity" means, on any date and with respect to the Revolving Commitments, the Term Loans, any Additional Incremental Revolving Commitments of any Class, any Incremental Term Loans, any Additional Incremental Term Loans of any Class or any other Indebtedness or commitments to provide financing, an amount equal to (i) the sum, for each scheduled repayment of Term Loans, Additional Incremental Term Loans or Incremental Term Loans of such Class or of such Indebtedness, as the case may be, to be made after such date, or each scheduled reduction of Revolving Commitments or Additional Incremental Revolving Commitments of such Class or other commitments to provide financing, as the case may be, to be made after such date, of the amount of such scheduled repayment or reduction multiplied by the number of days from such date to the date of such scheduled prepayment or reduction divided by (ii) the aggregate principal amount of such Term Loans, Additional Incremental Term Loans or Incremental Term Loans or of such Indebtedness, as the case may be, or such Revolving Commitments or Additional Incremental Revolving Commitments or other commitments to provide financing, as the case may be.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same

meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

SECTION 2.1. Commitments. Subject to the terms and conditions set forth herein, (a) each Lender agrees (i) to make Term Loans to the Borrower from time to time during the Term Loan Availability Period in a principal amount not exceeding its Term Commitment, if any, (ii) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment, if any, (iii) to make Additional Incremental Term Loans to the Borrower under any Additional Incremental Facility during the period or on the date set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding its Additional Incremental Commitment in respect of such Additional Incremental Facility, if any, and (iv) to make Additional Incremental Revolving Loans to the Borrower under any Additional Incremental Facility during the period set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding at any time its Additional Incremental Revolving Commitment in respect of such Additional Incremental Facility, if any, (b) each Incremental Tranche A Lender agrees to make Incremental Tranche A Term Loans to the Borrower from time to time during the Incremental Tranche A Term Loan Availability Period in a principal amount not exceeding its Incremental Tranche A Commitment, provided that the initial Borrowing under the Incremental Tranche A Facility shall be in an aggregate amount not less than $225,000,000 and shall occur on the First Incremental Borrowing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Additional Incremental Revolving Loans. Amounts repaid in respect of Term Loans, Incremental Term Loans or Additional Incremental Term Loans may not be reborrowed.

SECTION 2.2. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing, Term Borrowing, Additional Incremental Revolving Borrowing, Additional Incremental Term Borrowing and Incremental Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an

integral multiple of $1,000,000 and not less than $10,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement. At the time that each ABR Borrowing is made, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement; provided that (i) an ABR Revolving Borrowing or ABR Additional Incremental Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or Additional Incremental Revolving Commitments of the applicable Class, as the case may be, (ii) an ABR Revolving Borrowing may be in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) and (iii) an ABR Term Borrowing, ABR Incremental Term Borrowing or ABR Additional Incremental Term Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Term Commitments, Incremental Term Commitments, Additional Incremental Term Commitments of the applicable Class, as the case may be. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, the Term Maturity Date, the Incremental Tranche A Maturity Date or the maturity date set forth in the applicable Additional Incremental Facility Agreement, as applicable.

SECTION 2.3. Requests for Borrowings. To request a Borrowing (other than a Swingline Borrowing), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request

shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit B hereto and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Term Borrowing, Incremental Tranche A Term Borrowing, Additional Incremental Revolving Borrowing or Additional Incremental Term Borrowing and, in the case of Additional Incremental Revolving Borrowings and Additional Incremental Term Borrowings, the Additional Incremental Facility under which such Borrowing is to be made;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lenders each agree to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans of either Swingline Lender exceeding $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that neither Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, Dallas, Texas time, on the day of a proposed Swingline Loan and shall advise the Administrative Agent as to which Swingline Lender the Borrower desires to provide such Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender indicated by the Borrower in such notice of any such notice received from the Borrower. The applicable Swingline Lender shall make such Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with such Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The applicable Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan made by such Swingline Lender after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments

pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank from whom the Borrower is requesting such Letter of Credit and to the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $350,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), provided that a Letter of Credit may include customary "evergreen" provisions and (ii) the date that is five Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants

to each Revolving Lender, and each Revolving Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:30 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 9:30 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Lenders have

made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the applicable Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor either Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), each Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor, to any other Issuing Bank or to any previous Issuing Bank, or to such successor, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of

the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(h) or 7.01(i). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.6. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Dallas, Texas and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent,

then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.7. Interest Elections. (a) Each Revolving Borrowing, Additional Incremental Revolving Borrowing, Term Borrowing, Incremental Term Borrowing and Additional Incremental Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of a Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(f):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.8. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Commitments shall terminate on the Term Commitment Termination Date, (ii) the Revolving Commitments shall terminate on the Revolving Maturity Date, (iii) the Incremental Tranche A Commitments shall terminate on the Incremental Tranche A Commitment Termination Date and (iv) the Additional Incremental Commitments of any Class shall terminate on the date set forth in the applicable Additional Incremental Facility Agreement.

(b) Subject to adjustment pursuant to Section 2.08(h), the Revolving Commitments outstanding on the Revolving Commitment Reduction Date shall be

automatically and permanently reduced in 12 consecutive installments on the last day of each fiscal quarter (except with respect to the final reduction, which shall be on the Revolving Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Revolving Commitments outstanding on the Revolving Commitment Reduction Date) set forth opposite such quarterly scheduled reduction date (or the Revolving Maturity Date) below; provided that the final installment shall reduce the remaining outstanding Revolving Commitments to zero on the Revolving Maturity Date and the payment made in respect thereof shall equal the sum of (x) the then aggregate unpaid principal amount of all Revolving Loans plus (y) all other unpaid amounts owing in respect of Revolving Loans, which payment shall be due and payable not later than the Revolving Maturity Date:

Scheduled Reduction Date	Commitment Reduction
4th Quarter 2002	5.00%
1st Quarter 2003	5.00%
2nd Quarter 2003	5.00%
3rd Quarter 2003	5.00%
4th Quarter 2003	7.50%
1st Quarter 2004	7.50%
2nd Quarter 2004	7.50%
3rd Quarter 2004	7.50%
4th Quarter 2004	12.50%
1st Quarter 2005	12.50%
2nd Quarter 2005	12.50%
Revolving Maturity Date	12.50%

(c) Subject to adjustment pursuant to Section 2.08(h), the Additional Incremental Revolving Commitments of any Class shall be automatically and permanently reduced on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with

Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments and (iii) the Borrower shall not terminate or reduce the Additional Incremental Revolving Commitments of any Class if, after giving effect to any concurrent prepayment of Additional Incremental Revolving Loans of such Class in accordance with Section 2.11, the aggregate principal amount of outstanding Additional Incremental Revolving Loans of such Class would exceed the total Additional Incremental Revolving Commitments of such Class.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(d) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments or the Additional Incremental Revolving Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(f) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.08(f) and in Section 2.11(b). In such event, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall, on the third Business Day after such Net Proceeds are received, be automatically and permanently reduced in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any reduction would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Reduction Portion in respect of such Prepayment Event; provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no reduction shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so

applied by the end of such period, at which time a reduction shall be required in accordance with this paragraph (f).

(g) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall be automatically and permanently reduced in an aggregate amount equal to the product of 50% of Excess Cash Flow for such fiscal year and the Reduction Portion in respect of such Excess Cash Flow; provided that if, on the date on which any reduction would otherwise be made pursuant to this Section 2.08(g), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such reduction shall be required pursuant to this Section 2.08(g). Each reduction pursuant to this paragraph shall be made on the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(h) Any reduction of the Revolving Commitments, other than a reduction pursuant to Section 2.08(a) or 2.08(b) above, shall be applied to reduce the subsequent scheduled reductions of Revolving Commitments to be made pursuant to Section 2.08(a) or 2.08(b) above in reverse chronological order. Any reduction of the Additional Incremental Revolving Commitments of any Class, other than a reduction pursuant to Section 2.08(a) or 2.08(c) above, shall be applied to reduce the subsequent scheduled reductions of Additional Incremental Revolving Commitments of such Class to be made pursuant to Section 2.08(a) or 2.08(c) as set forth in the applicable Additional Incremental Facility Agreement.

SECTION 2.9. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, (iii) to the Administrative Agent for the account of each applicable Incremental Lender the then unpaid principal amount of each Incremental Tranche A Term Loan of such Incremental Lender as set forth in Section 2.10, (iv) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Additional Incremental Loan of any Class of such Lender as set forth in the applicable Additional Incremental Facility Agreement and (v) to each Swingline Lender the then unpaid principal amount of each Swingline Loan made by it on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) and 2.09(c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) No promissory notes evidencing Loans hereunder will be issued unless a Lender requests that a promissory note be issued to it to evidence its Loans of any Class. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans and Incremental Term Loans. (a) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Term Borrowings outstanding on the Term Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Term Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Term Loans outstanding on the Term Commitment Termination Date) set forth opposite such quarterly installment date (or the Term Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Term Loans plus (y) all other unpaid amounts owing in respect of Term Loans and shall be due and payable not later than the Term Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Term Maturity Date	7.50%

(b) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Incremental Tranche A Borrowings outstanding on the Incremental Tranche A Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Incremental Tranche A Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Incremental Tranche A Term Loans outstanding on the Incremental Tranche A Commitment Termination Date) set forth opposite such quarterly installment date (or the Incremental Tranche A Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Incremental Tranche A Term Loans plus (y) all other unpaid amounts owing in respect of the Incremental Tranche A Term Loans, and shall be due and payable not later than the Incremental Tranche A Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%

Payment Date	Amount
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Incremental Tranche A Maturity Date	7.50%

(c) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Additional Incremental Term Borrowings of any Class on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Maturity Date, all Revolving Loans shall be due and payable on the Revolving Maturity Date, all Incremental Tranche A Term Loans shall be due and payable on the Incremental Tranche A Maturity Date and all Additional Incremental Loans of any Class shall be due and payable on the final maturity date set forth in the applicable Additional Incremental Facility Agreement.

(e) Any prepayment of a Term Borrowing or an Incremental Term Borrowing shall be applied to reduce the subsequent scheduled repayments of Term Borrowings or Incremental Term Borrowings, respectively to be made pursuant to this Section in reverse chronological order. Any prepayment of an Additional Incremental Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayment of Additional Incremental Term Borrowings of such Class to be made pursuant to this Section as set forth in the applicable Additional Incremental Facility Agreement.

(f) Prior to any repayment of any Term Borrowings or Incremental Term Borrowings hereunder or any Additional Incremental Term Borrowings of any Class, the Borrower shall select the Borrowing or Borrowings of such Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., Dallas, Texas time, three Business Days before the scheduled date of such repayment; provided that each repayment of Term Borrowings or Incremental Term Borrowings or any Additional Incremental Term Borrowings of any Class shall be applied to repay any outstanding ABR Term Borrowings or ABR

Incremental Term Borrowings or ABR Additional Incremental Term Borrowings of such Class before any other Borrowings of such Class. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings, Incremental Term Borrowings and Additional Incremental Term Borrowings shall be accompanied by accrued interest on the amount repaid.

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section. All prepayments shall be made without premium or penalty other than, to the extent applicable, amounts payable under Section 2.16.

(b) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings, and if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.11(b) and in Section 2.08(f). In such event, the Borrower shall, within three Business Days after such Net Proceeds are received, prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any prepayment would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Prepayment Portion in respect of such Prepayment Event (such product, the "Prepayment Amount"); provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a prepayment shall be required in accordance with this paragraph (b).

(c) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Borrower shall prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of (i) 50% of Excess Cash Flow for such fiscal

year and (ii) the Prepayment Portion in respect of such Excess Cash Flow (such product, the "Excess Cash Flow Prepayment Amount"); provided that if, on the date on which any prepayment would otherwise be made pursuant to this Section 2.11(c), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such prepayment shall be required pursuant to this Section 2.11(c). Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(d) If, on any date, the aggregate Revolving Exposures of all Lenders exceeds the aggregate Revolving Commitments of all Lenders, or the aggregate principal amount of the Additional Incremental Revolving Loans of any Class of all Lenders exceeds the aggregate Additional Incremental Revolving Commitments of such Class of all Lenders, the Borrower shall immediately prepay Revolving Loans or Additional Incremental Revolving Loans of such Class, as the case may be (and, to the extent that any such excess remains after all Revolving Loans have been prepaid, deposit cash collateral with the Administrative Agent to secure outstanding LC Exposure), in an amount equal to such excess.

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(f); provided that each prepayment of Borrowings of any Class shall be applied to prepay ABR Borrowings of such Class before any other Borrowings of such Class.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments or any Additional Incremental Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be

permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent (i) in the case of Revolving Commitments and Term Commitments for the account of each Lender fees for each day during the period from and including the Effective Date to but excluding the date on which such Commitment terminates at a rate equal to the applicable Commitment Fee Rate for such day, (ii) in the case of Incremental Tranche A Commitments for the account of each Incremental Tranche A Lender fees for each day during the period from and including the Amendment No. 5 Effective Date but excluding the Incremental Tranche A Commitment Termination Date at a rate equal to the applicable Commitment Fee Rate for such day and (iii) in the case of any Additional Incremental Facility Commitment, the rate set forth in the applicable Additional Incremental Facility Agreement for such day, in each case on the unused amount of each Commitment of such Lender on such day (collectively, the "COMMITMENT FEES"). Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the applicable Commitments terminate, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit for each day during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, which fee shall accrue at a rate equal to the Applicable Margin on Eurodollar Revolving Loans for such day on the amount of such Lender's LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) and (ii) to the applicable Issuing Bank a fronting fee in respect of Letters of Credit issued by such Issuing Bank for each day during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure in respect of Letters of Credit issued by such Issuing Bank, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the amount of the LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of Letters of Credit issued by such Issuing Bank, as well as the Issuing Bank's standard

fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of Commitment Fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus (i) in the case of any ABR Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility (including each Swingline Loan), the ABR Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any ABR Borrowing under any Additional Incremental Facility, the Applicable Margin for ABR Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus (i) in the case of any Eurodollar Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility, the Eurodollar Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any Eurodollar Borrowing under any Additional Incremental Facility, the Applicable Margin for Eurodollar Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case

of overdue principal of any ABR Loan under the Revolving Facility, the Term Facility or the Incremental Facility, 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (ii) in the case of overdue principal of any Eurodollar Loan under the Revolving Facility, the Term Facility or the Incremental Facility, the higher of (x) 2% plus the highest Applicable Margin for Eurodollar Loans plus the Adjusted LIBO Rate applicable to such Eurodollar Loan on the day before payment was due and (y) the sum of 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (iii) in the case of overdue principal of or overdue interest on any Additional Incremental Loan of any Class, the rate set forth in the applicable Additional Incremental Facility Agreement and (iv) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in Section 2.13(a).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to Section 2.13(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the

Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), Swingline Lender or Issuing Bank; or

(ii) impose on any Lender, Swingline Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost (other than Taxes) to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Swingline Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Swingline Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swingline Lender's or Issuing Bank's capital or on the capital of such Lender's, Swingline Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender or Swingline Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Swingline Lender's or Issuing Bank's policies and the policies of such Lender's, Swingline Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, Swingline Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, Swingline Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.15(a) or 2.15(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender, Swingline Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, Swingline Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender, Swingline Lender or Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender, Swingline Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's, Swingline Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 15 days after the date of receipt of a written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the first payment by the Borrower under this Agreement to such Foreign Lender or Participant and from time to time thereafter as prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or

reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Notwithstanding anything expressed or implied to the contrary in this Agreement or any other Loan Document (including any schedule or exhibit to any of the foregoing), this Section 2.17 (and Section 10.04 insofar as it relates to this Section 2.17) shall constitute the complete and exclusive understanding of the parties in respect of all matters relating to any Taxes (including interest thereon, additions thereto and penalties in connection therewith).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 1:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Dallas, Texas, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day (unless, in the case of payments in respect of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and, in the case of any payment accruing interest, interest thereon shall be payable for the

period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (other than Swingline Loans) or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including without limitation pursuant to Section 2.11) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such

payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank or Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or 2.05(e), 2.06(b), 2.18(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements

and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, (i) as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply or (ii) such Lender elects to withdraw its request.

SECTION 2.20. Additional Incremental Facilities and Commitments. (a) At any time prior to December 31, 2002, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may request, on one or more occasions, by notice to the Administrative Agent and the Incremental Facility Arrangers, that one or more Lenders (and/or one or more other Persons which shall become Lenders as provided in Section 2.20(d) below) provide one or more additional facilities (each, an "Additional Incremental Facility"), each of which shall provide for commitments (the "Additional Incremental Commitments") in an aggregate amount of not less than $100,000,000 and all of which Additional Incremental Facilities shall provide for Additional Incremental Commitments in an aggregate amount not in excess of $500,000,000; provided that no Lender shall have any obligation to provide any Additional Incremental Commitment and any Lender (or any other Person which becomes a Lender pursuant to Section 2.20(d) below) may provide Additional Incremental Commitments without the consent of any other Lender.

(b) The maturity date, scheduled amortization and commitment reductions, mandatory prepayments and commitment reductions, interest rate, minimum borrowings and prepayments, commitment fees and other amounts payable in respect of any Additional Incremental Facility, and certain agent determinations, shall be as set forth in an agreement (an "Additional Incremental Facility Agreement") among the Loan Parties, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and the Lenders and other Persons agreeing to provide Additional Incremental Commitments thereunder; provided that any term Incremental Loans (the "Additional Incremental Term Loans") shall have a Weighted Average Life to Maturity of no less than the Weighted Average Life to Maturity of the Term Loans then outstanding and any revolving Incremental Commitment (the "Additional Incremental Revolving Commitments" and any loans made pursuant thereto, the "Additional Incremental Revolving Loans") shall have a Weighted Average Life to Maturity of not less than the Weighted Average Life to Maturity of the Revolving Commitments then outstanding.

(c) [Intentionally deleted]

(d) The effectiveness of any Additional Incremental Facility to be created under this Section 2.20, and the obligation of any Lender or other Person providing any Additional Incremental Commitment thereunder to make any Additional Incremental Loans pursuant thereto, is subject to, in addition to the conditions set forth in Article 4, the satisfaction of each of the following conditions: each Loan Party, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and each Lender or other Person providing Additional Incremental Commitments thereunder (each, an "Additional Incremental Lender") shall have executed and delivered to the Administrative Agent an Additional Incremental Facility Agreement with respect to such Additional Incremental Facility, (x) the Administrative Agent shall have received, and (y) the Administrative Agent shall have received for the respective accounts of any other agents and the Additional Incremental Lenders, all fees and other amounts payable by the Borrower in respect of such Additional Incremental Facility on or prior to such date of effectiveness and the Administrative Agent (or its counsel) shall have received such documents and certificates, and such legal opinions, as the Administrative Agent and the Incremental Facility Arrangers or their counsel shall reasonably request, including documents, certificates and legal opinions relating to the organization, existence and good standing of each Loan Party, the authorization of such Additional Incremental Facility and other legal matters relating to the Loan Parties or the Loan Documents (including the applicable Additional Incremental Facility Agreement). The Administrative Agent shall notify each Lender as to the effectiveness of each Additional Incremental Facility hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.1. Organization; Powers. Each of Holdings and the Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party,

when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents (if any), (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings or any Restricted Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Holdings or any Restricted Subsidiary or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Holdings or any Restricted Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any Restricted Subsidiary, except Liens created under the Loan Documents (if any).

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders Holdings' consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, reported on by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Holdings has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001, prepared giving effect to (x) the Transactions under the Incremental Facility and the Structured Note Financing and (y) the transactions described in clause (x) and, in addition, the sale of its Williams Communications Solutions business unit, as if such events had occurred on such date or on the first day of such fiscal year, as the case may be. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry, (iii) accurately reflect all adjustments necessary to give effect to the Transactions under the Incremental Facility and the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit, and (iv) present fairly, in all material respects, the pro forma financial position of Holdings and

the Subsidiaries as of such date and for such periods as if the Transactions, the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit had occurred on such date or at the beginning of such period, as the case may be.

(c) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of Holdings or any Restricted Subsidiary has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

(d) The projections delivered to the Lenders on the Amendment No. 5 Effective Date (the "Projections") were based on assumptions believed by the Borrower and Holdings in good faith to be reasonable when made and as of their date represented the Borrower's and Holdings' good faith estimate of future performance of Holdings and the Subsidiaries and of the Borrower and its consolidated subsidiaries.

(e) Since December 31, 2000, there has been no Material Adverse Change.

SECTION 3.5. Properties. (a) Each of Holdings and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties, if any), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Holdings or any Restricted Subsidiary is subject to any Lien other than Permitted Encumbrances, Liens created by the Collateral Documents (if any) and other Liens permitted under Section 6.02.

(b) Each of Holdings and the Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by Holdings, the Borrower or any other Loan Party (other than the Parent) as of the Effective Date after giving effect to the Transactions.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected,

individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.7. Compliance with Laws and Agreements. Each of Holdings and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. Investment and Holding Company Status. Neither Holdings nor any Restricted Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. Taxes. Each of Holdings and the Subsidiaries has timely filed or caused to be filed (or the Parent has filed or caused to be filed) all Tax returns and reports required to have been filed and has paid or caused to be paid (or the Parent has paid or caused to be paid) all Taxes required to have been paid by or with respect to it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting

such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings or any Restricted Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth the name of, and the direct or indirect ownership interest of Holdings or the Borrower in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings and the Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid.

SECTION 3.14. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Holdings or any Restricted Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. The hours worked by and payments made to employees of Holdings and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Holdings or any Restricted Subsidiary, or for which any claim may be made against Holdings or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Holdings or such Restricted Subsidiary. The consummation of the Transactions and the Reorganization has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Holdings or any Restricted Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Holdings or any Restricted Subsidiary is a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

SECTION 3.17. Representations in Loan Documents True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Holdings or any Restricted Subsidiary party thereto contained in any Loan Document is true and correct.

ARTICLE 4

CONDITIONS

SECTION 4.1. Effective Date. [Intentionally deleted]

SECTION 4.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents (excluding Section 3.04(b)) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in Sections 4.02(a), 4.02(b) and 4.03.

SECTION 4.3. First Incremental Borrowing Date with Respect to the Incremental Facility. The obligation of each Incremental Lender to make a Loan on the occasion of the First Incremental Borrowing Date is subject to the satisfaction of the following conditions (in addition to the conditions set forth in Section 4.02):

(a) The Spin-Off shall have been consummated.

(b) The Initial Collateral Date shall have occurred (or shall occur on the date of such Borrowing) and, prior to the making of any Loan on the occasion of such Borrowing, Holdings and the Borrower shall have complied with all of the provisions of Section 5.11A.

(c) The First Incremental Borrowing Date shall be no later than the date that is 180 days after the date of Amendment No. 5 Effective Date.

(d) The Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, from the Financial Officer of each of Holdings and the Borrower, certifying as to compliance of the matters specified in Sections 4.03(a) and 4.03(b).

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. Holdings and the Borrower will furnish to the Administrative Agent and each Lender:

(a) (i) within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement),

setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, (ii) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (iii) within 90 days after the end of each fiscal year of Holdings and the Borrower, (x) supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for the Borrower and Holdings and the consolidating adjustments with respect thereto and (y) segment reporting of EBITDA and Adjusted EBITDA with respect to each business segment of Holdings and the Subsidiaries and the Borrower and its consolidated subsidiaries consistent with the business segments reported on in the Notes Offering Registration Statement;

(b) (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' equity and cash flows of Holdings and the Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of Holdings as presenting fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited consolidated

balance sheets and related statements of operations, stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Section 5.01(a) or 5.01(b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating (x) compliance with Section 6.08 and Sections 6.15 through 6.19, including, if applicable, calculations showing capital contributions made by the Parent pursuant to Section 6.20 and the resulting effects on the Borrower's compliance with Section 6.08 and Sections 6.15 through 6.19 and (y) Additional Capital at such date, including detail as to the sources and uses of Additional Capital since June 30, 1999 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause 5.01(a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable after approval by the Board of Directors of the Parent and in any event not later than 120 days after the commencement of each fiscal year of the Borrower, a consolidated and consolidating budget of Holdings for such fiscal year and a consolidated budget of the Borrower for such fiscal year (including projected consolidated (and, in the case of Holdings, consolidating) balance sheets, related consolidated (and, in the case of Holdings, consolidating) statements of projected operations and cash flow as of the end of and for such fiscal year and segment information with respect to each of Holdings' and the Subsidiaries' and the Borrower's and its consolidated subsidiaries' business segments consistent with the categories of information provided with respect to Holdings' and the Subsidiaries' business segments

in the Notes Offering Registration Statement, together with projected EBITDA and Adjusted EBITDA for such segments) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any Restricted Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of the Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. Upon knowledge thereof, Holdings or the Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks

and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.4. Payment of Obligations. Each of Holdings and the Borrower (i) will, and will cause each other Restricted Subsidiary to, pay its Indebtedness and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such other Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, or permit any other Restricted Subsidiary to breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.6. Insurance. Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.7. Casualty and Condemnation. The Borrower will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any of Holdings' and the Restricted Subsidiaries' property or assets or the commencement of any action or proceeding for the taking of any of Holdings' and the Restricted Subsidiaries' property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding (in each case with a value in excess of $10,000,000) and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are applied, to the extent such Net Proceeds have not been utilized to repair, restore or replace such property or assets or to acquire other Telecommunications Assets within 360 days after such event, to prepay Loans and reduce Commitments as provided in Sections 2.11(b) and 2.08(f), respectively.

SECTION 5.8. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep proper

books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender at the expense of the Administrative Agent or Lender, as the case may be, or, if an Event of Default shall have occurred and be continuing, at the expense of the Borrower, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12.

SECTION 5.9. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each other Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit. (a) The proceeds of Loans will be used (i) for working capital requirements and general corporate purposes of the Borrower and the other Restricted Subsidiaries and (ii) to pay the fees and expenses associated with the Facilities.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11A. Initial Collateral Date. On the Initial Collateral Date, Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to:

(a) Deliver to the Administrative Agent duly executed counterparts of the Security Agreement, together with the following:

(i) duly executed counterparts of each supplemental agreement required to be executed and delivered by the terms of the Security Agreement (including, without limitation, any Patent Security Agreement, and Trademark Security Agreement and any Control Agreement, in each case as defined in the Security Agreement);

(ii) stock certificates representing any or all of the outstanding shares of capital stock or other Equity Interests of the Borrower and each Restricted Subsidiary and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(iii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(iv) a completed perfection certificate dated the Initial Collateral Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) Deliver to the Administrative Agent a favorable written opinion (addressed to the Agents, the Issuing Banks, the Swingline Lenders and the Lenders and dated the Initial Collateral Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent and the Incremental Facility Arrangers, (ii) the general counsel of Holdings and (iii) local counsel in the jurisdictions where the Borrower is incorporated and where its chief executive office is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

SECTION 5.11B. Collateral Event. If a Collateral Event shall have occurred and be continuing, the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may by written notice to the Borrower (a "Collateral Notice"), request, and Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to, within 30 days of the Borrowers' receipt of such Collateral Notice (such thirtieth day, a "Collateral Establishment Date"):

(a) Subject to subsection (d) of this Section 5.11B, deliver to the Administrative Agent duly executed counterparts of the Security Agreement (to the extent not previously delivered pursuant to Section 5.11A) and each other Collateral Document reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, in form and substance satisfactory to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, signed on behalf of Holdings, the Borrower and each Subsidiary Loan Party requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, together with (to the extent not

previously delivered pursuant to Section 5.11A) such of the following as shall have been so requested:

(i) stock certificates representing any or all of the outstanding shares of capital stock of the Borrower and each other Subsidiary of Holdings owned by or on behalf of any Loan Party as of such Collateral Establishment Date (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66% of the outstanding shares of common stock of such Foreign Subsidiary) and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(ii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents; and

(iii) a completed perfection certificate dated such Collateral Establishment Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) If requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, on or before the thirtieth day following any Collateral Establishment Date or such later day as shall be acceptable to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders (a "Mortgage Establishment Date"), Holdings and the Borrower shall, and shall cause each other Restricted Subsidiary to, deliver to the Administrative Agent (i) counterparts of a Mortgage with respect to each Mortgaged Property as to which such request is made, in each case signed on behalf of the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company, insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Collateral Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, and (iii) such surveys, abstracts and appraisals as may be required pursuant to such Mortgages or as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request.

(c) On or before any Collateral Establishment Date or Mortgage Establishment Date, Holdings and the Borrower shall deliver a favorable written opinion (addressed to the Agents, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and the Lenders and dated on or prior to such Collateral Establishment Date or Mortgage Establishment Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent, (ii) the general counsel of Holdings and (iii) local counsel in each jurisdiction where any Collateral or Mortgaged Property is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

(d) Anything in this Agreement to the contrary notwithstanding, the Liens created under any Collateral Document may also secure, to the extent, but only to the extent, required under the indentures and other documents governing such Indebtedness (without taking into account any general exceptions to any such requirements contained in any such indentures and other documents), equally and ratably with some or all of the Obligations, the obligations of the Parent and Holdings under any public Indebtedness of either of them that, by its terms, requires that such Indebtedness be equally and ratably secured by such Liens.

(e) None of the Borrower, Holdings or any Restricted Subsidiary of Holdings shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.11B, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.12. Information Regarding Collateral. (a) (i) The Borrower will furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at

all times following such change to have a valid, legal and perfected security interest in all the Collateral; and (iii) Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, promptly notify the Administrative Agent if any material portion of the Collateral owned by it is damaged or destroyed.

(b) At the time of the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a), the Borrower shall also deliver to the Administrative Agent a certificate of a Financial Officer or the chief legal officer of the Borrower (i) setting forth the information required pursuant to the perfection certificate or confirming that there has been no change in such information since the date of the perfection certificate most recently delivered or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to Section 5.12 to the extent necessary to protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.13. Additional Subsidiaries. (a) If any additional Subsidiary is formed or acquired, Holdings and the Borrower will notify the Administrative Agent and the Lenders thereof and if such Subsidiary is a Subsidiary Loan Party, (i) cause such Subsidiary, within ten Business Days after such Subsidiary Loan Party is formed or acquired, to become a party to the Subsidiary Guarantee as an additional guarantor thereunder and to the Security Agreement as a "Lien Grantor" thereunder, (ii) deliver all stock certificates representing the capital stock or other Equity Interests of such Subsidiary to the Administrative Agent, together with stock powers and instruments of transfer, endorsed in blank, with respect to such certificates and (iii) take all actions required under the Security Agreement to perfect, register and/or record the Liens granted by it thereunder and the Lien on such capital stock or other Equity Interests or as may be reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders.

(b) If a Collateral Establishment Date has occurred and any Collateral Event is then continuing, such Subsidiary is a Subsidiary Loan Party and the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders so request in writing, Holdings and the Borrower shall (i) within 30 days after such Subsidiary is formed or acquired, cause such Subsidiary to become a party to such Collateral Documents (in addition to the Security Agreement) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall request and promptly take such actions as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request to create and perfect Liens on such of such Subsidiary's assets (in accordance with the standards set forth in Section 5.11B(a)) as the Administrative Agent,

the Incremental Facility Arrangers or the Required Lenders shall so request to secure its obligations under the Subsidiary Guarantee, and (ii) within 60 days after such Subsidiary is formed or acquired, cause such Subsidiary to enter into such Mortgage or Mortgages as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request with respect to any or all material real property owned by such Subsidiary to secure some or all of its obligations under the Subsidiary Guarantee and to take such actions (including, without limitation, actions of the type referred to in Section 5.11B(a)) with respect thereto as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request.

(c) None of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.13, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.14. Further Assurances. (a) On any date each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents required to be in effect on such date or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents required to be in effect on such date.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by Holdings, the Borrower or any Subsidiary Loan Party (other than assets constituting Collateral under any Collateral Document that become subject to the Lien of such Collateral Document automatically upon the acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, Holdings and the Borrower will, or will cause the applicable Restricted Subsidiary to, cause such assets to be subjected to a Lien securing some or all of the Obligations, as requested by the Administrative Agent, the Incremental Facility

Arrangers or the Required Lenders, and will take, and cause such Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders to grant and perfect such Liens, including actions described in Section 5.11B, all at the expense of the Loan Parties; provided that, none of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.14, a Lien on any of the following assets: (i) at any time prior to any Collateral Establishment Date, any assets of a type other than a type constituting "Collateral" under the form of Security Agreement set forth on Exhibit K hereto as in effect on the Amendment No. 4 Effective Date, (ii) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (iii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iv) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (iii) or (iv), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.15. Concentration Accounts. At all times after any Collateral Establishment Date and before a Collateral Release Date, Holdings and the Borrower will maintain Holdings' and each Restricted Subsidiary's principal concentration account with one or more Lenders.

SECTION 5.16. [Intentionally deleted]

SECTION 5.17. Sale of Solutions and ATL(a) Not later than September 30, 2001, Holdings and the Borrower shall have sold, or caused to be sold, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions (x) its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date (except for the portion of such unit described in clause (b) below) and (y) all of the capital stock of ATL held by the Borrower, Holdings or any of its Subsidiaries for fair market value and for Net Proceeds in cash in an aggregate amount of at least $700,000,000.

(b) Not later than December 31, 2001, Holdings and the Borrower shall have sold or otherwise disposed of, or caused to be sold or otherwise disposed of, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions, substantially all of the Canadian assets of its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date.

SECTION 5.18. Qualifying Issuances. Not later than December 31, 2001, the Borrower and/or Holdings shall have consummated Qualifying Issuances for Net Proceeds in cash in an aggregate amount of at least $500,000,000; provided that Net Proceeds in cash in an aggregate amount of not more than $350,000,000 shall have resulted from Qualifying Issuances described in clause (ii) or (iii) of the definition thereof.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.1. Indebtedness; Certain Equity Securities. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Holdings under Qualifying Holdings Debt;

(c) Indebtedness of Holdings under the High Yield Notes and refinancings thereof, provided that any Indebtedness issued in any such refinancing shall be on terms no less favorable to Holdings and its Restricted Subsidiaries than the High Yield Notes, shall be in an aggregate principal amount no greater than the High Yield Notes refinanced and shall not require any payment of principal thereof (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date;

(d) ADP Outstandings in an aggregate amount not to exceed $750,000,000 at any time outstanding;

(e) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decrease the Weighted Average Life to Maturity thereof;

(f) Indebtedness of Holdings to any Subsidiary and of any Restricted Subsidiary to any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04;

(g) Guarantees by Holdings of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by Holdings, the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(h) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into a Restricted Subsidiary after the date hereof (provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary) and extensions, renewals or replacements of any such Indebtedness that do not increase the principal amount thereof or result in an earlier maturity date or decreased Weighted Average Life to Maturity thereof;

(i) Indebtedness in respect of performance, surety or appeal bonds and Guarantees incurred or provided in the ordinary course of business securing the performance of contractual, franchise, lease, self-insurance or license obligations and not in connection with an incurrence of Indebtedness;

(j) Indebtedness in respect of customary agreements providing for indemnification, purchase price adjustments after closing or similar obligations in connection with the disposition of any assets (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition); provided that (i) any such disposition is permitted by Section 6.05, (ii) the aggregate principal amount of such Indebtedness does not exceed the gross proceeds actually received by Holdings or any Restricted Subsidiary in connection with such disposition and (iii) to the extent the gross proceeds thereof constitute Net Proceeds hereunder, such Net Proceeds are applied in accordance with Sections 2.08(f) and 2.11(b);

(k) Indebtedness of Holdings and the Restricted Subsidiaries pursuant to Hedging Agreements entered into with Lenders or their affiliates in the ordinary course of business and not for speculative purposes;

(l) [Intentionally deleted];

(m) [Intentionally deleted];

(n) [Intentionally deleted];

(o) other Indebtedness of Holdings or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, not exceeding 15% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time;

(p) Indebtedness of the Borrower consisting of Qualifying Borrower Indebtedness;

(q) Permitted Specified Security Hedging Transactions;

(r) Indebtedness of Holdings or the Borrower incurred pursuant to a Qualifying Issuance; provided that the aggregate Net Proceeds in cash received by Holdings and/or the Borrower from the issuance of such Indebtedness, plus the Net Proceeds in cash from any Sale and Leaseback Transaction constituting a Qualifying Issuance shall not exceed $350,000,000;

(s) Indebtedness with respect to industrial revenue bonds issued for the benefit of the Borrower, Holdings or any Restricted Subsidiary in an aggregate principal or face amount not to exceed $50,000,000;

(t) unsecured Indebtedness of Holdings in an aggregate principal amount not to exceed $100,000,000 incurred prior to the consummation of the Structured Note Financing so long as (i) the proceeds of such Indebtedness are used solely to make the capital contributions described in Section 6.04(u) and (ii) the terms and conditions of any such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof;

(u) unsecured Indebtedness of Holdings owed to the Structured Note Trust in an aggregate principal amount up to $1,500,000,000 in connection with the consummation of the Structured Note Financing, so long as the terms and conditions of such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof; and

(v) on any date on or after the Leverage Target Date, Indebtedness of the Borrower owing to a Receivables Subsidiary under a Permitted Receivables Financing;

provided that, notwithstanding anything in this Agreement to the contrary, the Borrower and the other Restricted Subsidiaries may not Guarantee any Indebtedness of Holdings under (i) the High Yield Notes or (ii) any Qualifying Holdings Debt.

SECTION 6.2. Liens. (a) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents (including, without limitation, Liens securing Indebtedness of Holdings and the Parent created thereunder in accordance with Section 5.11B(d));

(ii) Permitted Encumbrances;

(iii) Liens on any ADP Property securing only ADP Obligations;

(iv) any Lien on any property or asset of Holdings or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of Holdings or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(v) any Lien existing on any property or asset prior to the acquisition thereof by Holdings or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of Holdings or any Restricted Subsidiary and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(vi) Liens in favor of the Borrower or any Subsidiary Loan Party;

(vii) Liens on property of Holdings or any Restricted Subsidiary consisting of, or securing, licenses of such property;

(viii) Liens of a Specified Security securing Permitted Specified Security Hedging Transactions with respect to such Specified Security;

(ix) on any date on or after the Leverage Target Date, Liens created in connection with Permitted Receivables Financings, including, without limitation, Liens on proceeds in any form and bank accounts in which any such proceeds are deposited; provided that, except for the assets transferred pursuant to Permitted Receivables Dispositions made in connection with such Permitted Receivables Financings, no such Lien may extend to any assets of Borrower or any Subsidiary of the Borrower that is not a Receivables Subsidiary; and

(x) other Liens securing Indebtedness at any time outstanding that, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, does not exceed 5% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time.

(b) Notwithstanding anything to the contrary contained herein, Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur,

assume or permit to exist any Lien on any of its assets to secure (i) except in accordance with Section 5.11B(d), any obligations in respect of the High Yield Notes or any refinancing thereof, permitted under Section 6.01(c), or (ii) except in accordance with Section 5.11B(d), any Qualifying Holdings Debt.

SECTION 6.3. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any other Restricted Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than (i) the ownership of all of the outstanding Equity Interests in the Borrower, (ii) the issuance of the High Yield Notes, (iii) issuances of Qualifying Holdings Debt, (iv) issuances of its Equity Interests, (v) the holding of 100% of the Equity Interests of any Unrestricted Subsidiary which is engaged exclusively in the buying, selling and trading of telecommunications services as a commodity on a developing or an established market (a "Trading Subsidiary") and (vi) the holding of Qualifying Borrower Indebtedness permitted under Section 6.01(q) and, with respect to each of the foregoing, activities incidental thereto. Holdings will not own or acquire any assets (other than Qualifying Equity Interests in the Borrower, Qualifying Borrower Indebtedness, Equity Interests in any Trading Subsidiary, cash and Cash Equivalent Investments) or incur any liabilities (other than liabilities under the Loan Documents, liabilities in respect of the High Yield Notes, liabilities in respect of Qualified Holdings Debt permitted hereunder, liabilities in respect of the Structured Note Financing, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

SECTION 6.4. Investments, Loans, Advances, Guarantees and Acquisitions. Holdings will not, and will not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any capital stock, evidences of indebtedness

or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Cash Equivalent Investments;

(b) Investments existing on the date hereof and set forth on Schedule 6.04;

(c) Investments by Holdings and the Restricted Subsidiaries in Equity Interests in Subsidiaries; provided that, (i) the aggregate amount of Investments by Loan Parties in, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (including, without limitation, any Deemed Subsidiary Investment pursuant to Section 6.14) shall be subject to the proviso to this Section 6.04 and (ii) all Equity Interests acquired or held by Holdings pursuant to this Section 6.04(c) shall be Qualifying Equity Interests in the Borrower or Equity Interests in a Trading Subsidiary;

(d) loans or advances made by Holdings to any Restricted Subsidiary and made by any Restricted Subsidiary to any other Restricted Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the proviso to this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that (i) no Restricted Subsidiary shall Guarantee any High Yield Notes, any Indebtedness of Holdings or the Borrower constituting a Qualifying Issuance or Qualifying Holdings Debt and (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the proviso to this Section 6.04;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) acquisitions by the Borrower of ADP Property for consideration paid on and prior to any date not exceeding Additional Capital as of such date; minus (i) Investments permitted under clause (ii) of the proviso to this Section 6.04 made on or prior to such date and (iii) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date;

(h) Hedging Agreements permitted under Section 6.01(k);

(i) Capital Expenditures made in accordance with Section 6.08;

(j) subject to the proviso to this Section 6.04, Investments in the Telecommunications Business;

(k) subject to the proviso to this Section 6.04, Investments in Existing International Joint Ventures; provided that the acquisition by Holdings or any Restricted Subsidiary of any equity interest in Algar Telecom S.A. (formerly known as Lightel S.A.) owned by the Parent or its subsidiaries (other than Holdings and the Subsidiaries) shall not be permitted under this clause (k) but shall only be permitted under clause (p) of this Section 6.04;

(l) exchanges and substitutions of ADP Property for like property which take place prior to the occurrence of the Completion Date, the Expiration Date, the Termination Date, or an ADP Event of Default, Environmental Trigger or Unwind Event under the Operative Documents;

(m) any Investment by a Restricted Subsidiary in any Person engaged in the Telecommunication Business if such Investment is made in connection with an agreement by such Person to utilize certain of the Borrower's or the Subsidiary Loan Parties' Telecommunications Business, provided that, at any date, (i) the aggregate amount of Investments made in all such Persons at any time outstanding pursuant to this paragraph (m) (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of such Person, but net of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment) shall not exceed 15% of Consolidated Assets at such time and (ii) the aggregate amount of such Investments made in all such Persons with cash or Cash Equivalent Investments that are at any time outstanding pursuant to this paragraph (m) shall not exceed 5% of Consolidated Assets;

(n) (i) loans to directors, officers and employees of Holdings or any Restricted Subsidiary all of the proceeds of which are used (A) to pay relocation expenses of any such director, officer or employee or (B) to purchase Equity Interests in Holdings pursuant to and in accordance with stock option plans or other benefit plans for directors, officers and employees of Holdings and its Restricted Subsidiaries, provided that, in the case of any of the Loans referred to in this subclause (B), any proceeds to Holdings of any such purchases of Equity Interests shall be contributed to the Borrower and (ii) other loans to directors, officers and employees of Holdings and its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(o) trade accounts receivable for goods sold or services provided arising in the ordinary course of business and on customary payment terms (not to exceed 120 days after the date such receivables are accrued in accordance with GAAP);

(p) Investments for which the consideration paid by Holdings and its Restricted Subsidiaries consists exclusively of Qualifying Equity Interests in Holdings;

(q) Investments made in any Person (a "REINVESTMENT PERSON") in whom the Borrower or any of its Subsidiaries has, or at any time after the Closing Date had, an Investment permitted under clause (b), (f) or (p) above or this clause (q) (an "ORIGINAL INVESTMENT"); provided that the aggregate amount of Investments in any Reinvestment Person permitted under this clause (q) may not exceed the aggregate amount of the cash proceeds received, within 270 days prior to the making of such Investment, by the Borrower and its Subsidiaries from sales or other dispositions of, or distributions with respect to Original Investments in such Reinvestment Person;

(r) Permitted Specified Security Hedging Transactions; and

(s) Investments in Persons that become Subsidiary Loan Parties if such Persons, prior to such Investments, were engaged principally in the transmission of voice, video or data through or over owned or leased fiber optic cable and/or the holding, developing or constructing of assets or technology used therein;

(t) Letters of Credit to support obligations of a Trading Subsidiary incurred in the ordinary course of business; and

(u) capital contributions made by Holdings to the Borrower and by the Borrower to the Structured Note Trust, in each case in an aggregate principal amount not to exceed $100,000,000 and in order to consummate the Structured Note Financing;

(v) Investments in Receivables Subsidiaries made in connection with Permitted Receivables Financings;

provided that the aggregate amount of all Investments (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of the Person in which such Investment is held), but net, in case of each such Investment (but not below zero), of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment and any proceeds received upon any disposition (other than a disposition to Holdings or any of its Subsidiaries or the Parent or any of its Subsidiaries) of such Investment, made pursuant to Sections 6.04(j) and 6.04(k) on or prior to any date, or referred to in Section 6.04(c)(i), the proviso to Section 6.04(d) and Section 6.04(e)(ii) and made on or prior to such date, shall not exceed the sum of an amount (which amount, for purposes of this proviso only, shall not be less than zero) equal to (x) the amount of Additional Capital as of such date minus (y) (A) acquisitions of ADP Property permitted under Section 6.04(g) made on or prior to such date and (B) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date.

SECTION 6.5. Asset Sales. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any

asset, including any Equity Interests owned by it, nor will Holdings permit any of its Restricted Subsidiaries to issue any additional Equity Interests, except:

(a) sales, transfers, leases or other dispositions of fiber optic cable capacity, sales of inventory, and sales of used or surplus equipment and Cash Equivalent Investments, in each case in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) issuances to the Borrower or any other Restricted Subsidiary of Equity Interests in any Restricted Subsidiary other than the Borrower;

(d) issuances to Holdings by the Borrower of Qualifying Equity Interests in the Borrower;

(e) Permitted Telecommunications Asset Dispositions;

(f) sales, transfers and dispositions of assets to the extent constituting Investments permitted under Section 6.04;

(g) Restricted Payments permitted under Section 6.07(a) and payments of principal and interest permitted under Section 6.07(b);

(h) the sale, transfer or other dispositions required by Section 5.17 or 5.18;

(i) any transfer of Receivables and Related Transferred Rights (each as defined in the Security Agreement attached hereto as Exhibit K) in order to consummate a Permitted Receivables Transaction or to transfer such assets pursuant to a factoring arrangement; and

(j) sales, transfers and dispositions of assets (other than Telecommunications Assets) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this Section 6.05(j) shall not exceed $25,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under Sections 6.05(e) and 6.05(j) shall be made (x) for fair value and (y) only if at least 75% of the consideration paid therefor is cash or Cash Equivalent Investments (or, if less than 75%, the remainder of such consideration consists of Telecommunications Assets).

SECTION 6.6. Sale and Leaseback Transactions. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, enter into any arrangement,

directly or indirectly, whereby it shall (a) sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred or (b) lease any property, real or personal, from any entity substantially all of whose activities consist of acquiring, constructing or developing property to be leased to Holdings and the Restricted Subsidiaries pursuant to leases intended to cover, and measured by the cost of or the financing incurred by such entity to finance, such property (the transactions referred to in clause (a) and (b) being collectively referred to as "Sale and Leaseback Transactions"), except for (i) sales and leases of ADP Property pursuant to the ADP in respect of ADP Outstandings not to exceed $750,000,000 at any time outstanding and (ii) (x) any such sale referred to in clause (a) above of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 270 days after the Borrower or such other Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (y) any such lease referred to in clause (b) above providing for rental payments measured by the cost of the property leased or the financing incurred by the lessor thereof to acquire, construct or develop the property so leased; provided that the sum of the aggregate amount of Attributable Debt in respect of all such Sale and Leaseback Transactions permitted under this clause (ii) at any time outstanding (other than any such Attributable Debt with respect to any Sale and Leaseback Transaction constituting a Qualifying Issuance) and the aggregate amount of Indebtedness secured by Liens permitted by Section 6.02(a)(viii) at such time outstanding shall not exceed 5% of consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time. For purposes of determining compliance with the proviso set forth in the immediately preceding sentence, Capital Lease Obligations shall not in any event be included in the calculation of "Attributable Debt."

SECTION 6.7. Restricted Payments; Certain Payments of Indebtedness. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or enter into any transaction the economic effect of which is substantially similar to any Restricted Payment, except (i) Holdings and the Borrower may declare and pay dividends with respect to their capital stock payable solely in additional shares of their respective common stock, (ii) Restricted Subsidiaries (other than the Borrower) may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $3,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Holdings and the Restricted Subsidiaries; (iv) so long as no Default shall have occurred and be continuing or result from the making of such payment, the Borrower may pay dividends to Holdings at such times and in such amounts as shall be necessary to permit Holdings to discharge, to the extent permitted hereunder, its permitted liabilities; (v) on and after the Leverage Target Date, Holdings may declare and pay dividends in cash with respect to its convertible preferred stock outstanding as of the Amendment No. 4 Effective Date in an amount not exceeding

$40,000,000 in any fiscal year and the Borrower may declare and pay dividends to Holdings to permit Holdings to declare and pay such dividends and (vi) at any time after the consummation of the Structured Note Financing, the Borrower may declare and pay a dividend to Holdings so long as (x) the aggregate amount of such dividend shall not exceed the principal amount of the Structured Note Bridge Indebtedness outstanding at the time such dividend is paid plus accrued interest thereon, (y) no Default has occurred and is continuing or would result therefrom and (z) immediately upon receipt thereof, Holdings shall apply all of the proceeds of such dividend to repay in full the Structured Note Bridge Indebtedness then outstanding.

(b) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, make, directly or indirectly, any voluntary payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any High Yield Notes, any Qualifying Holdings Debt or any Qualifying Borrower Indebtedness (collectively "Specified Indebtedness"), or any voluntary payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Specified Indebtedness (or enter into any transaction the economic effect of which is substantially similar to any of the foregoing), except, provided no Default has occurred and is continuing or would result therefrom, payments of regularly scheduled interest as and when due in respect of any Specified Indebtedness other than Qualifying Borrower Indebtedness.

SECTION 6.8. Limitation on Capital Expenditures. (a) Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) for any fiscal year set forth below shall not exceed the amount set forth below opposite such fiscal year:

FISCAL YEAR	AMOUNT
2001	$2,750,000,000
2002	$2,500,000,000
2003	$2,250,000,000
2004	$2,250,000,000
2005	$2,250,000,000
2006 and each fiscal year thereafter	$2,800,000,000

provided that if the aggregate amount of Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) actually made in any such period or fiscal year shall be less than the limit with respect thereto set forth above (before giving effect to any increase therein pursuant to this proviso) (the "Base Amount"), then an amount equal to 50% of such shortfall may be added to the amount of such Capital Expenditures permitted for the immediately succeeding fiscal year (such amount to be added for any fiscal year, the "Rollover Amount"); provided further that any Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) made during any fiscal year for which any Rollover Amount shall have been so added

shall be applied, first, to the Rollover Amount added for such fiscal year and, second, to the Base Amount for such fiscal year.

(b) In addition to Capital Expenditures permitted under Section 6.08(a) above, Holdings and the Restricted Subsidiaries may make (i) Capital Expenditures consisting of acquisitions of ADP Property permitted under Section 6.04(g) or 6.04(l) and (ii) Capital Expenditures on any date after the Amendment No. 4 Effective Date in an aggregate amount not to exceed Additional Capital as of such date minus (A) Investments permitted under clause (ii) of the proviso to Section 6.04 made on or prior to such date and (B) purchases of ADP Property permitted under Section 6.04(g) made on or prior to such date.

SECTION 6.9. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their respective Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to Holdings, the Borrower or such other Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.07 and (d) transactions required to be effected pursuant to, and on terms provided for in, existing agreements (as in effect on the date hereof) listed in Schedule 6.09 hereto.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, the High Yield Notes or, to the extent that any such restrictions therein, taken as a whole, are no more restrictive than those contained in the High Yield Notes, any Qualifying Holdings Debt, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.10(a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness

and (v) Section 6.10(a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Fiscal Year. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, change its fiscal year from a fiscal year ending December 31.

SECTION 6.12. Change in Business. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, engage in any material line of business other than the Telecommunications Business.

SECTION 6.13. Amendment of Material Documents. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, without the prior written consent of the Required Lenders, consent to any amendment, modification or waiver of (a) its certificate of incorporation, by-laws or other organizational documents (except for the filing of a Certificate of Designation with the Secretary of State of Delaware relating to the issuance of preferred securities that are Qualifying Equity Interests of such Person, to the extent provided for in its certificate of incorporation, by-laws or other organizational documents), (b) the Other Financing Documents, (c) any agreements governing any Qualifying Holdings Debt, (d) the Parent Indemnity or (e) the Operative Documents, in each of the foregoing cases if such amendment, modification of waiver could reasonably be expected to have (i) an adverse effect on the ability of any Loan Party to perform any of its obligations under any Loan Document or the rights of, or benefits available to, the Lenders under any Loan Document or (ii) a Material Adverse Effect.

SECTION 6.14. Designation of Unrestricted Subsidiaries. Holdings and the Borrower will not designate any Restricted Subsidiary (other than a newly created Subsidiary in which no Investment has previously been made) as an Unrestricted Subsidiary (a "Subsidiary Designation") unless:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Subsidiary Designation;

(ii) after giving effect to such Subsidiary Designation, Holdings would be in compliance with the covenants contained in Section 6.08 and Sections 6.15 through 6.19 on a pro forma basis as if such Subsidiary Designation had been made on the first day of the period of four fiscal quarters most recently ended in respect of which financial statements have been delivered by the Company pursuant to Section 5.01(a) or 5.01(b);

(iii) Holdings has delivered to the Administrative Agent (x) written notice of such Subsidiary Designation and (y) a certificate of a Financial Officer setting forth in reasonable detail calculations demonstrating pro forma compliance with the financial covenants contained in Section 6.08 and Sections 6.15 through 6.19, as required by clause (ii) above; and

(iv) on the date of such Subsidiary Designation, Holdings and the Borrower would not be prohibited by Section 6.04(c) and the proviso to Section 6.04 from making an Investment (a "Deemed Subsidiary Investment") in an aggregate amount equal to the fair market value (valued at the date of such Subsidiary Designation) of (x) the net assets of such Restricted Subsidiary or (y) if less than 100% of the Equity Interests in such Restricted Subsidiary are held by Holdings and its Restricted Subsidiaries, in an aggregate amount equal to the percentage interest of Holdings and the Restricted Subsidiaries in such net assets.

Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to (x) Guarantee any Indebtedness of any Unrestricted Subsidiary, (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any other Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause such Indebtedness or the payment thereof to be accelerated, payable or subject to repurchase prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Indebtedness that is Indebtedness of an Unrestricted Subsidiary, except in the case of clause (x) or (y) to the extent permitted under Section 6.01 and Section 6.04 hereof. In no event may the Borrower be designated as an Unrestricted Subsidiary.

SECTION 6.15. Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital Ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

SECTION 6.16. Minimum EBITDA. The amount equal to (i) EBITDA for the period of four fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

SECTION 6.17. Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

SECTION 6.18. Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

SECTION 6.19. Interest Coverage Ratio. The Interest Coverage Ratio for any period of four consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

SECTION 6.20. Financial Covenant Non-Compliance Cure. (a) At any time prior to the consummation of the Spin-Off, in the event that Holdings and the Restricted Subsidiaries fail to comply with any of Sections 6.15 through 6.19, inclusive, for any period or on any date set forth therein, the Parent shall have the right, but not the obligation, to make, within three Business Days of the date upon which financial statements as of the last day of such period are delivered or required to be delivered pursuant to Section 5.01(a) or (b), a cash equity contribution to Holdings in exchange for Qualifying Equity Interests of Holdings (which Holdings shall thereupon contribute to the Borrower, in exchange for Qualifying Equity Interests of the Borrower) to cure such failure.

(b) If such contribution is made to cure a failure to comply with the covenant contained in Section 6.16, such contribution shall be in an amount sufficient, when added to EBITDA for the applicable period, to enable Holdings and the Restricted Subsidiaries to comply with such covenant on a consolidated basis. Upon the making of any such capital contribution to Holdings and to the Borrower in the amount specified above, the amount so contributed (to the extent, but only to the extent, of the shortfall in EBITDA for the applicable period) shall thereafter be deemed to have been EBITDA in the last fiscal quarter of such period for purposes of all calculations in respect of compliance with Section 6.16 thereafter.

(c) If such contribution is made to cure a failure to comply with a covenant contained in Section 6.15, 6.17, 6.18 or 6.19, such contribution shall be in an amount sufficient, when applied to repay or prepay Indebtedness of Holdings and the Restricted Subsidiaries, to enable Holdings and the Restricted Subsidiaries, on a pro forma basis after giving effect to such contribution and application, to comply with such covenant on a consolidated basis.

(d) The right to cure provided in this Section 6.20 may not be exercised in respect of more than two consecutive quarters or more than three times in the aggregate during the term of the Facilities.

ARTICLE 7

EVENTS OF DEFAULT

SECTION 7.1. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.01(a)) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent or any Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.10, 5.11A, 5.11B, 5.13, 5.17, 5.18 or in Article 6, or (i) such failure shall continue unremedied for a period of 30 days after the earlier to occur of (x) knowledge thereof by any Loan Party or (y) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Sections 7.01(a), 7.01(b) or 7.01(d)), and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) knowledge thereof by any Loan Party or (ii) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (subject to any applicable grace period);

(g) any event or condition occurs that results in any Material Indebtedness or Permitted Receivables Financing becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or Permitted Receivables Financing or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Receivables Financing to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.01(g) shall not apply to secured Indebtedness permitted hereunder that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Holdings, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings and the Restricted Subsidiaries in an aggregate amount exceeding $25,000,000 for all periods;

(m) any Lien (if any) purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral having a fair market value in excess of $1,000,000, with the priority required by the applicable Collateral Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) pursuant to a Collateral Release Event;

(n) any Guarantee by Holdings or any Subsidiary Loan Party under any Loan Document shall cease for any reason (other than the merger out of existence of such Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of such Guarantee) to be in full force and effect, or Holdings or any Subsidiary Loan Party shall so assert in writing;

(o) a Change in Control shall occur; and

(p) at any time prior to the consummation of the Spin-Off, the senior unsecured long-term debt of the Parent shall be rated less than BBB- by S&P or less than Baa3 by Moody's;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other

notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in the case of any event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

ARTICLE 8

THE AGENTS

SECTION 8.1. Appointment, Powers, Immunities. (a) Each Lender, Swingline Lender and Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) The institutions serving as Agents hereunder shall have the same rights and powers in their capacities as Lenders, Swingline Lenders or Issuing Banks, as the case may be, as any other Lenders, Swingline Lenders or Issuing Banks and may exercise the same as though they were not Agents, and each such institution and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

(c) The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that an Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (iii) except as expressly set forth in the Loan Documents, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any Subsidiary that is communicated to or obtained by any institution serving as an Agent or any of its affiliates in any capacity.

(d) No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or wilful misconduct.

(e) No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than, in the case of the Administrative Agent, to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.2. Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.3. Delegation to Sub-Agents. Each Agent may perform any and all of its duties and exercise any of its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agents may perform any and all of their duties and exercise rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

SECTION 8.4. Resignation of Agents. Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Agent which shall be a bank organized under the laws of the United States or any State thereof, having (x) an office in any State of the United States and (y) capital, surplus and undivided profits aggregating at least $200,000,000, or an affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights,

powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

SECTION 8.5. Non-reliance on Agents or other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent, any Issuing Bank or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

SECTION 8.6. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents. Notwithstanding anything in this Agreement or any Loan Document to the contrary, the Syndication Agent, the Incremental Facility Arrangers and the Co-Documentation Agents shall have no obligation or responsibility as such hereunder other than, in the case of the Syndication Agent or the Incremental Facility Arrangers, as expressly set forth herein.

ARTICLE 9

HOLDINGS GUARANTEE

SECTION 9.1. The Guarantee. Holdings unconditionally and irrevocably guarantees the full and punctual payment of all present and future indebtedness and other obligations of the Borrower evidenced by or arising under any Loan Document and all present and future indebtedness and other obligations of the Borrower or any other Restricted Subsidiary under any Hedging Agreement permitted under Section 6.01 (a "Specified Hedging Agreement") as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, according to the terms hereof and thereof (including, without limitation, any Post-Petition Interest). If the Borrower or any other Restricted Subsidiary fails punctually to pay any indebtedness or other obligation guaranteed hereby which is due and payable, Holdings unconditionally agrees to cause such payment to be made punctually as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, and as if such payment were made by the Borrower or such other Restricted Subsidiary.

SECTION 9.2. Guarantee Unconditional. The obligations of Holdings under this Article 9 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Loan Party under any Loan Document or Specified Hedging Agreement, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to any Loan Document or Specified Hedging Agreement;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security, or of any guarantee or other liability of any third party, for any obligation of the Borrower or any Loan Party under any Loan Document or Specified Hedging Agreement;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Loan Party or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Loan Party or its assets, or any resulting release or discharge of any obligation of the Borrower or any other Loan Party contained in any Loan Document or Specified Hedging Agreement;

(e) the existence of any claim, set-off or other rights which Holdings may have at any time against the Borrower or any other Loan Party, any Agent, any Issuing Bank, any Lender or any other Person, whether or not arising in connection herewith or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document or Specified Hedging Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by any other Loan Party of any amount payable by it under any Loan Document or Specified Hedging Agreement; or

(g) any other act or omission to act or delay of any kind by any other Loan Party, any Lender or any other Person or any other circumstance that might, but for the provisions of this Section, constitute a legal or equitable discharge of Holdings' obligations under this Article 9.

SECTION 9.3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Holdings' obligations under this Article 9 constitute a continuing guaranty and shall remain in full force and effect until the Commitments shall have been terminated, all Letters of Credit shall have expired or been terminated, all Specified

Hedging Agreements shall have been terminated and all amounts payable under the Loan Documents and the Specified Hedging Agreements shall have been indefeasibly paid in full. If at any time any amount payable by the Borrower under any Loan Document or by the Borrower or any other Restricted Subsidiary under any Specified Hedging Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, Holdings' obligations under this Article 9 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

SECTION 9.4. Waiver. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Restricted Subsidiary or any other Person.

SECTION 9.5. Subrogation. When Holdings makes any payment under this Article 9 with respect to the obligations of the Borrower or any other Restricted Subsidiary, Holdings shall be subrogated to the rights of the payee against the Borrower or such other Restricted Subsidiary with respect to the portion of such obligations paid by Holdings; provided that Holdings shall not enforce any payment by way of subrogation or contribution against the Borrower or any Subsidiary so long as any amount payable under any Loan Document or Specified Hedging Agreement remains unpaid.

SECTION 9.6. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Loan Party under any Loan Document or Specified Hedging Agreement is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party, all such amounts otherwise subject to acceleration under the terms of such Loan Document or Specified Hedging Agreement shall nonetheless be payable by Holdings under this Article 9 forthwith on demand by the Administrative Agent made, in the case of any Loans, at the request of the requisite number of Lenders specified in Section 7.01 hereof or, in the case of obligations under a Specified Hedging Agreement, at the request of the relevant Lender or Lenders or affiliate or affiliates of such Lender or Lenders.

SECTION 9.7. Successors and Assigns. This guarantee is for the benefit of the Lenders, the Hedge Counterparties and their respective successors and assigns. If any Loans, participations in Letters of Credit or Swingline Loans or other amounts payable under the Loan Documents are assigned pursuant to Section 10.04 of the Credit Agreement, or any rights under any Specified Hedging Agreement are assigned pursuant thereto, the rights under this Article 9, to the extent applicable to the indebtedness so assigned, shall be transferred with such indebtedness.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Holdings or the Borrower, to it at Williams Communications Group, Inc., One Williams Center, Suite 2600, Tulsa, Oklahoma 74172, Attention of (other than administrative notices) Scott E. Schubert (Telecopy No. 918-573-6024) or (for administrative notices) Attention of Kerri Lyle (Telecopy No. 918-573-6558);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 901 Main Street, Dallas, Texas 75202, Attention of (other than Borrowing Requests) Pamela Kurtzman, 64th Floor (Telecopy No. (214) 209-9390) or (for Borrowing Requests) Judy Schneidmiller, 14th Floor (Telecopy No. 214-209-2118);

(c) if to Bank of America, as Issuing Bank, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(d) if to Chase, as Issuing Bank, to it at 270 Park Avenue, 37th Floor, New York, New York 10017, Attention of Joe Brusco (Telecopy No. 212-270-4164);

(e) if to Bank of America, as Swingline Lender, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(f) if to Chase, as Swingline Lender, to it at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Winslowe Ogbourne (Telecopy No. 212-552-5700); and

(g) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks, the Swingline

Lenders and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender, any Issuing Bank or any Swingline Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or substantially all of the Subsidiary Loan Parties from their respective Guarantees hereunder under the Subsidiary Guarantee (except as expressly provided herein or therein), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) change any condition set forth in Section 4.03 without the written consent of each Incremental Lender, or (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to, or requirements to make loans by, Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class; provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or any Swingline Lender without the prior written consent of the Administrative Agent, the affected Issuing Bank or the affected Swingline Lender, as the case may be, and (B) any

waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders with Commitments or Loans of any Class or Classes (but not Lenders with Commitments or Loans of any other Class or Classes) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and the requisite percentage in interest of the Lenders with Commitments or Loans of the affected Class or Classes.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers and their respective affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank, any Swingline Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Incremental Facility Arrangers and the Syndication Agent, any Issuing Bank, any Swingline Lender or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings or any Subsidiary, or any Environmental Liability related in any way to Holdings or any Subsidiary, or (iv) any actual or prospective claim, litigation,

investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender under Sections 10.03(a) or 10.03(b), each Lender severally agrees to pay to the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Loans (other than Revolving Loans) and unused Commitments (other than Revolving Commitments) at the time.

(d) To the extent permitted by applicable law, Holdings and the Borrower will not and will not permit any other Restricted Subsidiary to assert, and each hereby waives for itself and on behalf of its subsidiaries, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, each Issuing Bank and each Swingline Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative

Agent, the Issuing Banks, the Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) each of the Borrower (except in the case of an assignment to a Lender or an affiliate of a Lender) and Administrative Agent (except in the case of an assignment to an affiliate of a Lender) (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Banks and the Swingline Lenders) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, after giving effect to such assignment, the amount of the Commitments or Loans of each Class held by each of the assignor Lender and its affiliates and the assignee Lender and its affiliates (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this Section 10.04(b)(iii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (iv) the parties to each assignment (excluding any assignment by a Lender to an affiliate of such Lender) shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, (v) the parties to each assignment by a Lender to an affiliate of such Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,500, (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (vii) the Incremental Facility Arrangers shall be notified by the Administrative Agent of any assignment of the Incremental Facility; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to Section 10.04(d), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a

participation in such rights and obligations in accordance with Section 10.04(e). Each Lender that is an investment fund hereby agrees to notify the Administrative Agent and the Incremental Facility Arrangers of any change of the identity of the investment manager for such fund.

(2) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC that, at the time of such proposed amendment, has an outstanding Loan or Loans to the Borrower. For purposes of Section 10.02 of this Agreement and any other provision of any Loan Document requiring the consent or approval of any Lender, the Granting Lender shall, notwithstanding the funding of any Loans by any SPC, have the sole right to consent to or approve any waiver or amendment of any provision of this Agreement or any other Loan Document or to exercise any other right to consent or to grant approval under any Loan Document.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in any State of the United States, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of

the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank, any Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.04(b) and any written consent to such assignment required by Section 10.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to Section 10.04(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that

would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement

by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank and Swingline Lender and each of their respective affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, Issuing Bank, Swingline Lender or affiliate to or for the credit or the account of the Borrower or Holdings against any and all of the obligations of the Borrower or Holdings, as the case may be, now or hereafter existing under this Agreement held by such Lender, Issuing Bank or Swingline Lender, irrespective of whether or not such Lender, Issuing Bank or Swingline Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, Issuing Bank and Swingline Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender, Issuing Bank or Swingline Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings used herein and the Table of Contents are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' (other than affiliates that are direct competitors of any material business of Holdings and the Restricted Subsidiaries) directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit,

action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (other than a direct competitor of any material business of Holdings and the Restricted Subsidiaries), (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WILLIAMS COMMUNICATIONS, LLC

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

WILLIAMS COMMUNICATIONS GROUP, INC.

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

BANK OF MONTREAL

By /s/ W.T. Calder

Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi

Title: Senior Vice President

SCOTIABANC INC.

By /s/ M. D. Smith

Title: Treasurer

ABN AMRO BANK, N.V.

By /s/

Title:

By /s/

Title:

FLEET NATIONAL BANK

By /s/ Suzanne M. MacKay

Title: Vice President

CIBC INC.

By /s/ Amy V. Kothari

Title: Executive Director

CREDIT SUISSE FIRST BOSTON

By /s/ David L. Sawyer

Title: Vice President

By /s/ Lalita Advani

Title: Assistant Vice President

DEUTSCHE BANK AG
NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH

By /s/ Steve M. Godeke

Title: Director

By /s/ Alexander Richarz

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Jeremy Horn

Title: Authorized Signature

BANK AUSTRIA CREDIT ANSTALT
CORPORATE FINANCE, INC.

By /s/ John T. Murphy

Title: Senior Vice President

By /s/ William W. Hunter

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Brand Hosford

Title: Vice President

IBM CREDIT CORPORATION

By /s/ Thomas S. Curcio

Title: Manager of Credit

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH

By

Name:
Title:

BANK OF OKLAHOMA N.A.

By /s/ Robert D. Mattax

Title: Senior Vice President

BANK ONE, N.A.

By

Name:
Title:

KBC BANK, N.V.

By /s/ Robert Snauffer

Title: First Vice President

By /s/ Eric Raskin

Title: Assistant Vice President

THE FUJI BANK, LIMITED

By /s/ Nobuoki Koike

Title: Vice President & Senior Team Leader

INCREMENTAL TRANCHE A LENDERS:

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By /s/ G. Andrew Keith

Title: Authorized Signatory

CITICORP USA, INC.

By /s/ Caesar W. Wyszomirski

Title: Vice President

MERRILL LYNCH & CO., INC.

By /s/ Merrill Lynch & Co., Inc.

Name: Parker A. Weil
Title: Managing Director

Acknowledged and agreed:

CRITICAL CONNECTIONS, INC.
SBCI - PACIFIC NETWORKS, INC.
WCS COMMUNICATIONS SYSTEMS, INC.
WCS, INC.
WILLIAMS COMMUNICATIONS OF
VIRGINIA, INC.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.L.C.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.P.
WILLIAMS GLOBAL COMMUNICATIONS
HOLDINGS, INC.
WILLIAMS INTERNATIONAL
VENTURES COMPANY
WILLIAMS LEARNING NETWORK, INC.
WILLIAMS LOCAL NETWORK, INC.
WILLIAMS WIRELESS, INC.
WILLIAMS TECHNOLOGY CENTER, LLC
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC

All By: ------------------------------
Title:

SCHEDULE 2.01
COMMITMENTS

REVOLVING AND TERM LENDERS	REVOLVING COMMITMENT	TERM COMMITMENT
Bank of America, N.A.	32,500,000	32,500,000
The Chase Manhattan Bank	50,000,000	50,000,000
Bank of Montreal	42,625,000	42,625,000
The Bank of New York	42,625,000	42,625,000
ABN AMRO Bank N.V.	34,250,000	34,250,000
CIBC Inc.	34,250,000	34,250,000
Credit Lyonnais New York Branch	34,250,000	34,250,000
Credit Suisse First Boston	34,250,000	34,250,000
Deutsche Bank AG New York Branch and/or Cayman Islands Branch	34,250,000	34,250,000
Fleet National Bank	34,250,000	34,250,000
Scotiabanc Inc.	34,250,000	34,250,000
Bank Austria Creditanstalt Corporate Finance, Inc.	17,500,000	17,500,000
First Union National Bank	17,500,000	17,500,000
The Fuji Bank, Limited	17,500,000	17,500,000
IBM Credit Corporation	17,500,000	17,500,000
The Industrial Bank of Japan, Limited New York Branch	17,500,000	17,500,000
Bank of Oklahoma N.A.	10,000,000	10,000,000
Bank One, N.A.	10,000,000	10,000,000
KBC Bank N.V.	10,000,000	10,000,000
Total	525,000,000	525,000,000
GRAND TOTAL		1,050,000,000

INCREMENTAL LENDERS	
Citicorp USA, Inc.	150,000,000
Lehman Commercial Paper, Inc.	150,000,000
Merrill Lynch & Co., Inc.	75,000,000
The Chase Manhattan Bank	40,000,000
Bank of America, N.A.	35,000,000
GRAND TOTAL	450,000,000

EXHIBIT 10(x)

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AGREEMENT OF PURCHASE AND SALE

AMONG

WILLIAMS TECHNOLOGY CENTER, LLC,
as Seller,

WILLIAMS HEADQUARTERS BUILDING COMPANY,
as Purchaser,

and

WILLIAMS COMMUNICATIONS, LLC,
as Guarantor

EXECUTED EFFECTIVE AS OF
SEPTEMBER 13, 2001

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TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01. Definitions....................2
Section 1.02. References....................67

ARTICLE II

AGREEMENT OF PURCHASE AND SALE

Section 2.01. Agreement....................7

ARTICLE III

CONSIDERATION

Section 3.01. Purchase Price....................7
Section 3.02. Agreed Allocation....................7

ARTICLE IV

INDEMNIFICATIONS

Section 4.01. Seller's Indemnification....................8
Section 4.02. Purchaser's Indemnification....................8
Section 4.03. Insurance Claims....................8
Section 4.04. Survival....................8

ARTICLE V

EVALUATION OF ACQUIRED ASSETS

Section 5.01. Purchaser's Evaluation....................8

ARTICLE VI

TITLE AND SURVEY MATTERS

Section 6.01. Title Commitment....................9
Section 6.02. Survey....................9

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Section 7.01. Seller's Representations and Warranties.....9
Section 7.02. Purchaser's Representations and Warranties.....11
Section 7.03. Survival.....11

ARTICLE VIII

CLOSING

Section 8.01. Conditions to Obligations of Seller.....11
Section 8.02 Conditions to Obligations of Purchaser.....12

ARTICLE IX

CLOSING

Section 9.01. Closing.....13
Section 9.02. Seller's Closing Obligations.....13
Section 9.03. Purchaser's Closing Obligations.....14
Section 9.04 Ad Valorem Taxes.....15
Section 9.05. Closing Costs.....15
Section 9.06. Documents and Data Access and Delivery.....15

ARTICLE X

BROKERAGE

Section 10.01. Brokers.....15

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.01. Default by Seller.....16
Section 11.02. Default by Purchaser.....16
Section 11.03. Notice and Cure.....16
Section 11.04 Remedies.....16

ARTICLE XII

NOTICES

Section 12.01. Notices.....17

ARTICLE XIII

LIMITED SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 13.01. Survival of Representations, Warranties and Covenants....18

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Waivers....18
Section 14.02 Recovery of Certain Fees....18
Section 14.03 Time of Essence....18
Section 14.04. Construction....18
Section 14.05. Counterparts....19
Section 14.06. Severability....19
Section 14.07. Entire Agreement....19
Section 14.08. Governing Law....19
Section 14.09. No Recording....19
Section 14.10 No Merger....19

ARTICLE XV

CONSTRUCTION COMPLETION AGREEMENT

Section 15.01. Survival....20

LIST OF EXHIBITS AND SCHEDULES

SCHEDULE I	Form of Deed to Real Property and Improvements
SCHEDULE II	Form of Non-Foreign Entity Certification
SCHEDULE III	Form of Bill of Sale and Assignment
SCHEDULE IV	Form of Easement for Backup Generation Facility
SCHEDULE V	Form of Master Lease
EXHIBIT A	Center Parcel
EXHIBIT B	Central Plant Space
EXHIBIT C	Litigation and Claims
EXHIBIT D	Parking Garage Parcel
EXHIBIT E	Cooling Tower Parcel
EXHIBIT F	Title Commitment and Title Objections
EXHIBIT G	Agreed Allocation
EXHIBIT H	Ancillary Contracts

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "Agreement") is entered into and effective for all purposes as of Effective Date as hereinbelow defined, by and among WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company (the "Seller"), WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company (the ("Guarantor" or "WCLLC"), and WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation (the "Purchaser").

RECITALS

A. Seller is the owner of the partially completed office building and related facilities presently under construction in Tulsa, Oklahoma, commonly known as the Williams Technology Center, which constitutes the Improvements Under Construction as hereinbelow defined.

B. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller the Improvements Under Construction, the Real Property and the other Acquired Assets each as hereinbelow defined, and to enter into agreements relating to the construction, management and operation of the foregoing.

C. In order to induce Purchaser to enter into the transaction contemplated herein, Guarantor desires to guaranty the performance by Seller of all of the duties and obligations set forth in this Agreement.

D. Upon Closing, Purchaser desires to lease to Seller, and Seller desires to lease from Purchaser, the Real Property, Improvements and other Acquired Assets pursuant to the terms, covenants, and conditions of the Master Lease as herein below defined.

E. The parties understand that (i) the construction of the Improvements Under Construction will not be completed until some time after the Closing Date, and (ii) certain portions of the Personal Property as hereinbelow defined will not be acquired by Seller until after the Closing Date but notwithstanding such fact, Seller desires that such after-acquired Personal Property is to be the subject of the transfers as contemplated by this Agreement, as specifically transferred by the Bill of Sale as hereinbelow defined.

IN CONSIDERATION of the foregoing, the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. For purposes of this Agreement, capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in this Section 1.01:

Acquired Assets. The term "Acquired Assets" shall mean collectively the fee simple title to the Real Property and the Improvements, including but not limited to the Improvements Under Construction; all contract rights, air rights, easements, privileges, servitudes, appurtenances and other rights belonging to or inuring to the benefit of Seller and pertaining to the Real Property and Improvements; all documents, specifications and plans related to the Real Property and Improvements; all licenses, permits, building permits, certificates of occupancy, approvals, governmental orders, resolutions, dedications, subdivision maps and entitlements issued, approved or granted by any of the Authorities in connection with the Real Property and Improvements or the construction thereof, together with all renewals and modifications thereof; all other rights, titles, interests, privileges and appurtenances related to and used exclusively in connection with the ownership, construction, use, operation or management of the Real Property and Improvements, as specifically described in this Agreement; and all Personal Property.

Agreed Allocation. The term "Agreed Allocation" shall have the meaning ascribed to such term in Section 3.02.

Aircraft Transaction. The term "Aircraft Transaction" shall mean collectively, the transactions set forth in (i) the three (3) Aircraft Dry Leases to be between Williams Communications Aircraft, LLC, a Delaware limited liability company ("WC Aircraft"), as Lessor, and WCLLC, as Lessee, covering the aircraft described therein, and (ii) the Membership Interest Purchase Agreement to be between Williams Aircraft, Inc., a Delaware corporation, as Buyer, and WCLLC, as Seller, covering all of the membership interests in WC Aircraft.

Ancillary Contracts. The term "Ancillary Contracts" shall mean collectively the agreements set forth on EXHIBIT H.

Authorities. The term "Authorities" shall mean collectively the various governmental and quasi-governmental bodies or agencies having jurisdiction over the asset, entity or matter in question.

Best Knowledge. The term "Best Knowledge" shall mean the knowledge of the party in question's current employees who, in the normal scope of their employment, would have knowledge of the subject matter in question.

Bill of Sale. The term "Bill of Sale" shall mean the Bill of Sale and Assignment covering all of the Personal Property, to be executed by Seller in favor of Purchaser in the form of SCHEDULE III.

BOK Tower. The term "BOK Tower" shall mean the multi-story office building owned by Purchaser located immediately to the west of the Center.

Business Day. The term "Business Day" shall mean any day other than a Saturday, Sunday or nationally recognized holiday.

Center. The term "Center" shall mean the structure currently under construction on the Center Parcel.

Center Parcel. The term "Center Parcel" shall mean that portion of the Real Property more particularly described in EXHIBIT A, which shall include the air rights associated with the Skywalk .

Central Plant. The term "Central Plant" shall mean the equipment, fixtures, piping, wiring, machinery, and all other items of personal property comprising the plant for chilled and hot water production and circulation, and electricity generation and transmission, currently being constructed in the basement of the Center in the Central Plant Space and on the Cooling Tower Parcel.

Central Plant Space. The term "Central Plant Space" shall mean that portion of the basement of the Center set forth on EXHIBIT B.

Central Plant Lease. The term "Central Plant Lease" shall have the meaning ascribed to such term on Exhibit H.

Closing. The term "Closing" shall mean the consummation of the purchase and sale of the Acquired Assets contemplated by this Agreement.

Closing Date. The term "Closing Date" shall mean the date on which the Closing occurs, which date shall be no later than September 13, 2001.

Closing Surviving Obligations. The term "Closing Surviving Obligations" shall mean collectively the rights, liabilities and obligations set forth in Sections 3.02, 6.01, 6.02, 10.01, 11.03, 11.04, 13.01 and 14.02, and Articles IV and VII, which are specifically designated as surviving the Closing.

Construction Completion. The term "Construction Completion" shall have the meaning ascribed to such term in the Construction Completion Agreement.

Construction Completion Agreement. The term "Construction Completion Agreement" shall mean that certain Agreement of Purchase and Sale and Construction Completion

dated February 26, 2001, between Purchaser, as Seller, and WCLLC, as Purchaser, covering the Acquired Assets and the completion of construction of portions thereof.

Cooling Tower Parcel. The term "Cooling Tower Parcel" shall mean the real property upon which the cooling towers relating to the Central Plant are located, as described on Exhibit E.

Credit Agreement. The term "Credit Agreement" shall mean the Amended and Restated Credit Agreement dated as of September 8, 1999, among Williams Communications Group, Inc., a Delaware corporation, WCLLC, Bank of America, N.A., The Chase Manhattan Bank, and other parties.

Data. The term "Data" shall have the meaning ascribed to such term in the Construction Completion Agreement.

Declaration. The term "Declaration" shall mean that certain Declaration of Reciprocal Easements with Covenants and Restrictions dated February 26, 2001, executed by Purchase and Seller, recorded in Book 6521 at Page 2670 of the records of the County Clerk of Tulsa, Oklahoma.

Deed. The term "Deed" shall mean the General Warranty Deed covering the Real Property, the Improvements Under Construction and all of Seller's right, title and interest in and to and the Skywalk, specifically excluding however, all interest in and to the Central Plant which is currently owned by Purchaser, to be executed by Seller in favor of Purchaser or Purchaser's Designee, in the form of SCHEDULE I.

Documents. The term "Documents" shall mean the following types of information relating to the Acquired Assets, maintained in any format: (i) all documents that are referenced and/or incorporated in any of the contracts; (ii) all financial data, including but not limited to records, statements, and invoices; (iii) physical inspections, studies or reports; (iv) appraisals; (v) surveys; and (vi) policies and/or commitments of title insurance; (vii) relevant correspondence; provided, however, items (i) through (vii) hereinabove do not include any software owned by any management company or any information in the possession or control of any such management company which is integrated with other information not related to any of the Acquired Assets so long as such information related to the Acquired Assets is either separately provided to Purchaser in another form, or provided as part of other information under this Agreement.

Easement for Backup Generation Facility. The term " Easement for Backup Generation Facility " shall mean the easement in form of SCHEDULE IV, in which Purchaser shall grant to Seller, certain easement rights to locate Seller's backup electrical generation equipment.

Effective Date. The term "Effective Date" shall mean September 13, 2001.

Equipment Purchase Agreement. The term "Equipment Purchase Agreement" shall have the meaning ascribed to such term in the Construction Completion Agreement.

Governmental Regulations. The term "Governmental Regulations" shall mean collectively all laws, ordinances, rules and regulations of the Authorities applicable to Seller or any of its businesses or operations (or any portion thereof), or to the use, ownership, possession, operation, management or construction of the Acquired Assets or any portion thereof.

Guaranty. The term "Guaranty" shall mean the Guaranty to be executed by Guarantor, as described in the Master Lease.

Improvements. The term "Improvements" shall mean collectively all buildings, structures, fixtures, facilities, parking structures and areas, and other improvements located or to be located on or connected with the Real Property or the Skywalk, and which shall include without limitation the Improvements Under Construction.

Improvements Under Construction. The term "Improvements Under Construction" shall mean collectively the Center, the Skywalk and the Parking Garage.

Initialed Title Commitment. The term "Initialed Title Commitment" shall have the meaning ascribed to such term in Section 9.02 (f).

Insured Property. The term "Insured Property" shall have the meaning ascribed to such term in Section 6.01.

La Petite Lease. The term "La Petite Lease" shall mean that certain Ground Lease with Construction by Tenant between Williams Realty Corp. (now Williams Headquarters Building Company), as Landlord and La Petite Academy, Inc., as Tenant, dated July 22, 1987, as amended by that certain First Amendment to Lease Agreement dated February 28, 1989.

La Petite Parcel. The term "La Petite Parcel" shall mean the real property covered by the La Petite Lease.

Management Agreement. The term "Management Agreement" shall have the meaning ascribed to such term on Exhibit H.

Master Lease. The term "Master Lease" shall mean the Master Lease to be executed by Purchaser, as Landlord, and Seller, as Tenant, covering the Real Property and Improvements in form of SCHEDULE V.

Non-Foreign Entity Certification. The term "Non-Foreign Entity Certification" shall have the meaning ascribed to such term in Section 9.02(d).

Parking Garage. The term "Parking Garage" shall mean the structure currently under construction on the Parking Garage Parcel.

Parking Garage Parcel. The term "Parking Garage Parcel" shall mean that portion of the Real Property more particularly described in EXHIBIT D, which includes without limitation, the La Petite Parcel.

Permitted Exceptions. The term "Permitted Exceptions" shall have the meaning ascribed to such term in Section 6.01.

Personal Property. The term "Personal Property" shall mean collectively all of the tangible and intangible personal property constituting a portion of the Acquired Assets, including without limitation, the Category 1 FF&E and Category 2 FF&E, each as defined in the Master Lease.

Purchase Price. The term "Purchase Price" shall have the meaning ascribed to such term in Section 3.01.

Purchaser's Affiliate. The term "Purchaser's Affiliate" shall mean an entity (i) that is Purchaser's parent organization, or a wholly owned subsidiary of Purchaser; or (ii) that acquires all or substantially all of the assets or capital stock of Purchaser; or (iii) of which Purchaser owns in excess of fifty percent (50%) of the outstanding capital stock; or (iv) that as a result of the consolidation or merger with Purchaser and/or Purchaser's parent organization, shall own all of the capital stock of Purchaser or Purchaser's parent corporation.

Real Property. The term "Real Property" shall mean the Center Parcel and the Parking Garage Parcel.

Skywalk. The term "Skywalk" shall mean an elevated pedestrian bridge and support structure, connecting the Parking Garage to the Center over a portion of South Cincinnati Avenue and a portion of East First Street, Tulsa, Oklahoma, that is approximately twenty-seven (27) feet above the driving lanes of such streets, together with the air rights for the three (3) dimensional space within which it is to be suspended.

Surveys. The term "Surveys" shall have the meaning ascribed to such term in Section 6.02.

Title Commitment. The term "Title Commitment" shall mean the Commitment for Title Insurance dated July 2, 2001, No. E-134132-A, issued by the Title Company on behalf of Lawyers Title Insurance Corporation, more particularly described on EXHIBIT F.

Title Company. The term "Title Company" shall mean Guaranty Abstract Company of Tulsa, Oklahoma, or such other title company satisfactory to Purchaser.

Title Policy. The term "Title Policy" shall mean the ALTA Form B owner's title insurance policy or policies, with standard and printed exceptions deleted (excepting survey coverage) and providing lien coverage, to be issued based upon the Title Commitment.

Utility Services Agreement. The term "Utility Services Agreement" shall have the meaning ascribed to such term on Exhibit H.

SECTION 1.02. References. Except as otherwise specifically indicated, all references in this Agreement to Articles or Sections refer to Articles or Sections of this Agreement, and all references to Exhibits or Schedules refer to Exhibits or Schedules attached hereto all of which are hereby incorporated herein by this reference for all purposes. The words "herein," "hereof," "hereinafter," "hereunder" and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article.

ARTICLE II

AGREEMENT OF PURCHASE AND SALE

SECTION 2.01. Agreement. For payment of the Purchase Price in accordance with Section 3.01, and in consideration of all of the other terms, covenants and conditions set forth in this Agreement, Seller hereby agrees to sell, transfer, convey, assign, and deliver to Purchaser or Purchaser's Affiliate and Purchaser hereby agrees to purchase, acquire and accept from Seller, the Acquired Assets (but as to any Licenses and Permits comprising part of the Acquired Assets, only to the extent assignable).

ARTICLE III

CONSIDERATION

SECTION 3.01. Purchase Price. The Purchase Price (the "Purchase Price") for the Acquired Assets shall be the sum of Two Hundred Forty-Five Million and No/100 Dollars ($245,000,000.00), shall be paid by Purchaser to Seller at Closing, in immediately available funds.

SECTION 3.02. Agreed Allocation. The parties hereto agree that the fair market value allocation of the Purchase Price among the Acquired Assets (the "Agreed Allocation"), is as set forth on EXHIBIT G. The provisions of this Section 3.02 shall survive the Closing without limitation.

ARTICLE IV

INDEMNIFICATIONS

SECTION 4.01 Seller's Indemnification. Subject to the obligations of Purchaser under (i) the agreements to be executed between the parties hereto pursuant to Article XVI, and (ii) the Construction Completion Agreement, Seller hereby agrees to defend, indemnify and hold harmless Purchaser and its parent, subsidiaries and affiliated companies, and Purchaser's stockholders, directors, officers, employees and agents, of and from any loss, cost, claim and liability relating to:

(a) any inaccuracy or breach by Seller of any representation or warranty set forth in Section 7.01; or

(b) any claims made by any third parties for any damages, physical injury or loss of life occurring on or about the Real Property and Improvements including without limitation, any environmental claims, arising during Seller's ownership thereof.

SECTION 4.02. Purchaser's Indemnification. Subject to the obligations of Seller under (i) the agreements to be executed between the parties hereto pursuant to Article XVI, and (ii) the Construction Completion Agreement, Purchaser hereby agrees to defend, indemnify and hold harmless Seller and its parent, subsidiaries and affiliated companies, and Seller's members, managers, directors, officers, employees and agents, of and from any loss, cost, claim and liability relating to:

(a) any inaccuracy or breach by Purchaser of any representation or warranty set forth in Section 7.02.

SECTION 4.03. Insurance Claims. In the event any Purchaser or Seller shall suffer any claim or loss for which it is entitled to indemnification under this Article IV, the indemnifying parties shall use their best efforts, which shall include without limitation, the ascertaining and establishing of insurance coverage for such claim or loss, to pursue such claim and to collect under all applicable insurance policies maintained by or on behalf of the indemnifying party.

SECTION 4.04. Survival. The provisions of this Article IV shall survive the Closing without limitation.

ARTICLE V

EVALUATION OF ACQUIRED ASSETS

SECTION 5.01. Purchaser's Evaluation. Purchaser has familiarized itself with respect to the Acquired Assets and subject to the specific warranties, representations and

covenants of Seller contained in this Agreement, Purchaser accepts the Acquired Assets on an "as-is" basis, with the understanding that Seller has not and is not making any warranties or representations of any kind whatsoever, except as set forth herein and in the Construction Completion Agreement.

ARTICLE VI

TITLE AND SURVEY MATTERS

SECTION 6.01. Title Insurance. Purchaser has previously obtained the Title Commitment which contains the commitment to issue the Title Policy to insure marketable title in Purchaser with respect to the Real Property, the Center, the Parking Garage and the Skywalk (collectively the "Insured Property"), together with copies of all documents and other matters listed as exceptions therein. Purchaser hereby waives objection to all exceptions listed in the Title Commitment (the "Permitted Exceptions"), except for those specific exceptions which should be deleted by Title Company upon presentment of a possession affidavit as to the non-existence as of the Closing Date of any tenants of any portion of the Real Property or the Improvements, executed by Seller.

SECTION 6.02. Surveys. Pursuant to the Construction Completion Agreement, Purchaser shall obtain for Purchaser's own use, and provide to Seller, certified "as built" ALTA surveys of the Real Property and the Improvements Under Construction (duly certified as of a recent date by an Oklahoma licensed surveyor and in form acceptable to Purchaser and the Title Company) showing all easements, restrictions and rights-of-way relating thereto (the "Surveys").

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

SECTION 7.01. Seller's Representations and Warranties. Subject to the limitations on survival set forth in Article XIII of this Agreement, Seller, to its Best Knowledge represents and warrants to Purchaser the following as of the Closing Date:

(a) Status. Seller is a limited liability company duly organized and validly existing under the laws of the State of Delaware, and is duly qualified to do business in the State of Oklahoma.

(b) Authority. The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder have been duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable in accordance with its terms.

(c) Consents. No consent, waiver, approval or authorization is required from any person or entity (which has not already been obtained and delivered to

Purchaser or which will be given on or before Closing) in connection with the execution and delivery of this Agreement by Seller, or the performance by Seller of the obligations contemplated hereby.

(d) Non-Foreign Entity. Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Internal Revenue Code, as amended, and the regulations promulgated thereunder.

(e) No Governmental Consent Required. No order, license, consent, permit, authorization or approval of, or exemption by, or the giving of notice to, or the registration with or the taking of any other action with respect to any Authorities, and no filing, recording, publication or registration in any public office or any other place is required or necessary to authorize the execution, delivery and performance by Seller of this Agreement or any related documents to which it is a party.

(f) No Conflicts, etc. The execution, delivery and performance by Seller of this Agreement and any related document to which Seller is a party, shall not conflict with or result in any breach of, or constitute a default or result in the creation of a lien under, the certificate of incorporation (or other charter document), or bylaws of Seller, or any law or judgment or, assuming that the required consents are obtained, any permit held by Seller, or any loan document, lease or contract to which Seller is a party or by which Seller is bound or any of its assets is subject.

(g) Legal Matters. Seller is not in breach, default or violation of any provision of any of its certificate of formation or bylaws, or any applicable law or judgment, which has or will have any material, adverse effect on the transactions contemplated by this Agreement. Furthermore:

(i) Except as set forth on EXHIBIT C, there is no claim or litigation pending or threatened to which Seller is a party, or which Seller is threatened to be made a party or to which any portion of the Acquired Assets is subject, or is threatened to be made subject, that would have a material, adverse effect on the Acquired Assets, and there is no litigation pending to which Seller is a party, or threatened to be made a party which seeks to restrain, enjoin, prevent the consummation of, or otherwise challenge this Agreement or any of the related documents, or any of the transactions contemplated hereby, or which seeks to recover damages in connection therewith; and

(ii) Seller is not bound or adversely affected by any unexecuted and unsatisfied judgment rendered against Seller which would materially, adversely affect any of the Acquired Assets.

(h) Improvements Under Construction and Real Property. The Improvements Under Construction and the Real Property are free and clear of all liens, claims and encumbrances, except as may be specifically set forth in the Permitted Exceptions.

(i) Condemnation Actions and Assessments. There are not presently pending or threatened any condemnation, eminent domain or other actions, or assessed any special assessments of any nature with respect to the Acquired Assets or any material part thereof, and Seller has not received any notice of, nor does Seller have any knowledge with respect to, any such condemnation, eminent domain or other actions, or special assessments.

SECTION 7.02. Purchaser's Representations and Warranties. The following constitutes the representations and warranties of Purchaser subject to the limitations of survival set forth in Article XIII of this Agreement. Purchaser, to its Best Knowledge, represents and warrants to Seller the following as of the Closing Date:

(a) Status. Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware, and is duly qualified to do business in the State of Oklahoma.

(b) Authority. The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder have been duly authorized by all necessary action on the part of Purchaser. This Agreement has been duly authorized, executed and delivered by Purchaser.

(c) Consents. No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.

(d) No Governmental Consent Required. No order, license, consent, permit, authorization or approval of, or exemption by, or the giving of notice to, or the registration with or the taking of any other action with respect to any Authorities, and no filing, recording, publication or registration in any public office or any other place is required or necessary to authorize the execution, delivery and performance by Purchaser of this Agreement or any related documents to which Purchaser is a party.

SECTION 7.03. Survival. All the representations and warranties of Seller and Purchaser set forth hereinabove in this Article VII, shall survive the Closing subject to the limitations set forth in Article VIII hereinbelow.

ARTICLE VIII

CLOSING CONDITIONS

SECTION 8.01. Conditions to Obligations of Seller. The obligations of Seller to consummate the sale contemplated hereby shall be subject to the satisfaction of the following

conditions on or before the Closing Date, except to the extent that any of such conditions may be and have been waived by Seller:

(a) Representations, Warranties, Covenants and Closing Obligations of Purchasers. All representations and warranties of Purchaser in this Agreement shall be true and correct as of the Closing Date, and Purchaser shall have performed and complied with, at or prior to the Closing Date, all covenants and agreements required by this Agreement to be performed or complied with by Purchaser and shall have furnished each item required to be furnished by them at Closing;

(b) No Orders. No order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any Authorities, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby; and

(c) No Suits. No suit or other proceeding shall be pending or threatened by any third party not affiliated with or acting at the request of Seller before any court or any Authorities seeking to restrain, prohibit or declare illegal, or seeking damages against Seller or any of its affiliates in connection with, the transactions contemplated by this Agreement.

SECTION 8.02. Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the sale contemplated hereby shall be subject to and conditioned upon the satisfaction of the following conditions on or before the Closing Date, except to the extent that any of such conditions may be and have been waived by Purchaser:

(a) Representations, Warranties, Covenants and Closing Obligations of Seller. All representations and warranties of Seller in this Agreement shall be true and correct as of the Closing Date, and Seller shall have performed and complied with, prior to the Closing Date, all covenants and agreements required by this Agreement to be performed or complied with by Seller, and shall have furnished each item required to be furnished by it at Closing;

(b) No Orders. No order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any Authorities, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby or materially, adversely affects the value of the Acquired Assets; and

(c) No Suits. No suit or other proceeding shall be pending or threatened by any third party not affiliated with or acting at the request of Purchaser, before any court or Authorities seeking to restrain, prohibit or declare illegal, or seeking damages against Purchaser in connection with, the transactions contemplated by this Agreement.

(d) Aircraft Transaction. All of the documents related to the Aircraft Transaction shall have been executed and entered into effective as of the Closing Date.

(e) Credit Agreement. Bank of America, N.A., and any other required Lenders as defined in the Credit Agreement, shall have executed the following, all in form and substance satisfactory to Purchaser in all respects: (i) a waiver and release of lien relating to any claim or interest of any of the Lenders (as defined therein), in any of the Acquired Assets pursuant to the Credit Agreement; (ii) an Intercreditor Agreement; and (iii) the consent of the Lenders to all of the transactions contemplated by this Agreement and the Aircraft Transaction (collectively the "BOA Documents").

(f) Master Lease. The Master Lease, together with all documents to be executed as contemplated therein, shall have been executed and entered into effective as of the Closing Date.

ARTICLE IX

CLOSING

SECTION 9.01. Closing. The Closing of the transactions contemplated herein shall occur on the Closing Date. At Closing, the events set forth in this Article IX shall occur, it being understood that the performance or tender of performance of all matters set forth in this Article IX are mutually concurrent conditions.

SECTION 9.02. Seller's Closing Obligations. At Closing, Seller and Guarantor shall deliver or cause to be delivered to Purchaser the following:

(a) The duly executed (and acknowledged where provided) Deed and Bill of Sale;

(b) Duly executed members' resolutions or other documentation of Seller, in form and substance reasonably satisfactory to Purchaser, authorizing the execution and performance of this Agreement by Seller;

(c) Evidence reasonably satisfactory to Purchaser and the Title Company that the persons executing the Closing documents on behalf of Seller have full right, power and authority to do so;

(d) A duly executed certificate (the "Non-Foreign Entity Certification") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, in the form of SCHEDULE II;

(e) Possession of the Acquired Assets, subject to the Permitted Exceptions;

(f) The Title Commitment, marked and initialed by a representative of the Title Company, in form satisfactory to Purchaser (the "Initialed Title Commitment");

(g) The duly executed Master Lease and the Memorandum of Lease in recordable form as required therein;

(h) The duly executed Guaranty;

(i) A sufficient number of duly executed UCC-1 Financing Statements and a UCC-3 Termination Statement, both in form and substance satisfactory to Purchaser, as contemplated by the Master Lease;

(j) The following duly executed amendments to the Ancillary Contracts, all as defined on EXHIBIT H, as specified: (i) First Amendment to Management Agreement; (ii) First Amendment to Central Plant Lease; and (iii) First Amendment to Utility Services Agreement (collectively the "Ancillary Contracts Amendments");

(k) The duly executed Third Amendment to Construction Completion Agreement;

(l) An opinion of Seller's counsel in form and substance satisfactory to Purchaser covering, among other matters, the enforceability of the Master Lease; and

(m) A certificate of the chief executive officer or chief financial officer of Seller to the effect that Seller is in compliance with all of the terms and provisions set forth in this Agreement, that the representations and warranties of Seller set forth herein are true and correct on and as of the Closing Date and that no event of default under Section 11.01 has occurred and is continuing or would result from the consummation of this transaction.

(n) Such other documents and instruments as may be reasonably necessary or appropriate in Purchaser's or Title Company's reasonable judgment, to effect the consummation of the transactions which are the subject of this Agreement.

SECTION 9.03. Purchaser's Closing Obligations. At Closing, Purchaser shall deliver or cause to be delivered to Seller the following:

(a) The Purchase Price as set forth in Section 3.01;

(b) The duly executed Easement for Backup Generation Facility;

(c) Evidence reasonably satisfactory to Seller and the Title Company that the persons executing the Closing documents on behalf of Purchaser have full right, power, and authority to do so;

(d) Corporate resolutions or other documentation for Purchaser in form and substance reasonably satisfactory to Seller, authorizing the execution and performance of this Agreement by Purchaser;

(e) The duly executed Master Lease;

(f) The duly executed Ancillary Contracts Amendments;

(g) The duly executed Third Amendment to Construction Completion Agreement; and

(h) A certificate of the chief executive officer or chief financial officer of Purchaser to the effect that Purchaser is in compliance with all of the terms and provisions set forth in this Agreement, that the representations and warranties of Purchaser set forth herein are true and correct on and as of the Closing Date and that no event of default under Section 11.02 has occurred and is continuing or would result from the consummation of this transaction.

(g) Such other documents and instruments as may be reasonably necessary or appropriate in Seller's reasonable judgment, to effect the consummation of the transactions which are the subject of this Agreement.

SECTION 9.04. Ad Valorem Taxes. Seller acknowledges and agrees that Seller shall be solely responsible for all real property and personal property ad valorem taxes and any annual special assessments relating to the Acquired Assets for the year 2001.

SECTION 9.05. Closing Costs. All Closing costs incurred in connection with the Closing shall be paid by Seller, including without limitation, the fees and expenses of Purchaser's attorneys and other representatives, and the Oklahoma Real Estate Mortgage Tax on the Master Lease.

SECTION 9.06. Documents and Data Access and Delivery. Title to all of the Documents and Data shall be in Purchaser from and after the Closing Date, subject to the provisions of Section 11.06 of the Construction Completion Agreement.

ARTICLE X

BROKERAGE

SECTION 10.01. Brokers. Both Purchaser and Seller represent to the other that no real estate brokers', agents' or finders' fees or commissions are due or shall be due or arise in conjunction with the execution of this Agreement or consummation of this transaction by reason of the acts of such party, and Purchaser and Seller shall indemnify and hereby agree to hold the other party harmless from any of the foregoing fees or commissions claimed by any person

asserting its entitlement thereto at the alleged instigation of the indemnifying party for or on account of this Agreement or the transactions contemplated hereby. This Section 10.01 shall survive both any termination of, and the Closing of this Agreement without limitation.

ARTICLE XI

DEFAULTS AND REMEDIES

SECTION 11.01. Default by Seller. In the event of any default by Seller under this Agreement, subject to the provisions of Section 11.03, Purchaser may elect, as its sole and exclusive remedies, to (i) terminate all executory obligations of the parties under this Agreement, and in such event the parties hereto shall have no further liability hereunder whatsoever, or (ii) prosecute an action for specific performance of this Agreement. Notwithstanding the foregoing, nothing contained herein shall limit Purchaser's remedies at law, in equity or as herein provided, in the event of a breach by Seller of any of the Closing Surviving Obligations.

SECTION 11.02. Default by Purchaser. In the event of any default by Purchaser under this Agreement, subject to the provisions of Section 11.03, Seller may elect, as its sole and exclusive remedies, to (i) terminate all executory obligations of the parties under this Agreement, and in such event the parties shall have no further liability hereunder whatsoever, or (ii) prosecute an action for specific performance of this Agreement. Notwithstanding the foregoing, nothing contained herein shall limit Seller's remedies at law, in equity or as herein provided, in the event of a breach by Purchaser of any of the Closing Surviving Obligations.

SECTION 11.03. Notice and Cure. In the event there is a default by either Purchaser or Seller under the terms of this Agreement, the nondefaulting party shall give written notice of such default (with sufficient specificity to allow the defaulting party to determine the nature and extent of such default and to the extent possible, the manner in which such default can be remedied), and a period of thirty (30) days thereafter in which the defaulting party may cure such default, provided however, with respect to any such cure which by its nature, can not be accomplished during such period, such period shall be extended so long as the defaulting party has commenced such cure during such thirty (30) day period, and thereafter continuously and diligently prosecutes such cure thereafter. In the event a cure by the defaulting party is accomplished within such period, the parties shall be restored to their relative positions prior to the occurrence of such default as if no such default had taken place. The provisions of this Section 11.03 shall survive the Closing without limitation.

SECTION 11.04. Remedies. In the event either Seller or Purchaser defaults in the performance of any of its respective obligations under the terms of this Agreement, which default is not cured within the applicable cure period set forth in Section 11.03, the nondefaulting party shall be entitled to exercise any and all rights and remedies for such breach it may have under applicable law, provided however, in no event shall Guarantor be entitled to declare any default or pursue any rights or remedies against either Seller or Purchaser based upon any alleged default by either of such parties under this Agreement.

ARTICLE XII

NOTICES

SECTION 12.01. Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be given either by (a) personal delivery, (b) professional expedited delivery service with proof of delivery, (c) telecopy (providing that such telecopy is confirmed by the sender by expedited delivery service), or (d) certified mail return receipt requested, and if so given, shall be deemed to have been given either at the time of personal delivery, or, in the case of expedited delivery service, as of the date of first attempted delivery at the address or in the manner provided herein, or, in the case of telecopy, upon receipt or, in the case of certified mail, three (3) Business Days after posting with the U.S. Postal Service. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

To Purchaser:

Williams Headquarters Building Company
Attn: George D. Shahadi, Vice
President-Corp. Real Estate
One Williams Center, Suite 2200
Tulsa, Oklahoma 74172
Fax No. 918/573-4049

With copy to:

The Williams Companies, Inc.
Attn: Real Estate Counsel
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Fax No. 918/ 573-4503

To Seller:

Williams Technology Center, LLC
Attn: Vice President, Real Estate
One Williams Center, MD-OneOK-6
Tulsa, Oklahoma 74172
Fax No. 918/ 573-5614

To Guarantor:

Williams Communications, LLC
Attn: General Counsel
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Fax No. 918/ 573-3005

With copy to: Williams Communications, LLC
One Technology Center, MD: TC 14X
Tulsa, Oklahoma 74103
Fax No. 918/ 547-1108

ARTICLE XIII

LIMITED SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 13.01. Survival of Representations, Warranties and Covenants. Notwithstanding anything else to the contrary contained herein, any and all of the representations and warranties of Seller and Purchaser set forth in this Agreement, and the Closing Surviving Obligations (to the extent applicable) shall survive the Closing without limitation except for those contained in Article VII which shall survive the Closing for a period twelve (12) months only.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Waivers. No waiver of any breach of any covenant or condition contained herein shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or condition contained herein. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act. No waiver shall be effective unless in writing and signed by the waiving party.

SECTION 14.02. Recovery of Certain Fees. In the event a party hereto files any action or suit against the other party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, or initiates any arbitration action pursuant to the provisions of Section 11.04, the prevailing party shall be entitled to have and recover from the other party all costs and expenses of the action, suit or arbitration, including actual reasonable attorneys' fees. The obligations set forth in this Section 14.02 shall survive the Closing and the termination of the executory obligations of the parties, as contained in this Agreement.

SECTION 14.03. Time of Essence. Seller and Purchaser hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof.

SECTION 14.04. Construction. Headings at the beginning of each article and section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if it had

been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule shall have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take or complete any action under the terms of this Agreement is not a Business Day, the action shall be taken or completed on the next succeeding Business Day.

SECTION 14.05. Counterparts. To facilitate execution of this Agreement, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, either party, or that the signatures of all persons required to bind any party, appear on each counterpart; rather, it shall be sufficient that the signatures of, or on behalf of, either party, or that the signatures of the persons required to bind any party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single Agreement.

SECTION 14.06. Severability. If any term or provision of this Agreement is held to be invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other terms and provisions of this Agreement shall nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not effected in any manner adverse to either party. Upon such determination that any term or provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible, provided however, the failure of the parties to reach a mutually acceptable provision shall in no event be deemed to render void or unenforceable any other terms and provisions of this Agreement which terms and provisions shall remain in full force and effect.

SECTION 14.07. Entire Agreement. This Agreement, together with the Construction Completion Agreement, are the final expression of, and contain the entire agreement between the parties with respect to the subject matter hereof and thereof, and supersede all prior understandings with respect thereto. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

SECTION 14.08. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OKLAHOMA.

SECTION 14.09. No Recording. The parties hereto agree that neither this Agreement nor any memorandum or affidavit concerning it shall be recorded.

SECTION 14.10. No Merger. The parties hereto agree that notwithstanding the consummation of the transactions contemplated herein, the interests of Purchaser and Seller

under the Central Plant Lease shall not merge in any event and shall remain in full force and effect for all purposes according to its terms.

ARTICLE XV

CONSTRUCTION COMPLETION AGREEMENT

SECTION 15.01. Survival. Nothing contained in this Agreement, nor the execution hereof and the closing of the transactions contemplated hereby, shall in any way modify, restrict or diminish any of the terms, covenants or conditions of the Construction Completion Agreement, which shall remain in full force and effect according to its terms.

IN WITNESS WHEREOF, the parties hereto have respectively executed this Agreement effective as of the Closing Date.

PURCHASER

WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: /s/ Mark W. Husband

Name: Mark W. Husband

Title: Assistant Treasurer

SELLER

WILLIAMS TECHNOLOGY CENTER, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

GUARANTOR

WILLIAMS COMMUNICATIONS, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

SCHEDULE I

AFTER RECORDING RETURN TO

MS. ARLENE M. PHILLIPS
GUARANTY ABSTRACT COMPANY
320 S. BOULDER
TULSA, OKLAHOMA 74103-3400

(This space reserved for recording information)

GENERAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company, having a mailing address of One Williams Center, Tulsa, Oklahoma 74172 (herein called the "Grantor"), in consideration of the sum of Ten and No/100 Dollars ($10.00), in hand paid and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, does hereby grant, bargain, sell and convey unto WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation, having a mailing address of One Williams Center, Tulsa, Oklahoma 74172 (herein called "Grantee"), all the real property and premises located in Tulsa County, Oklahoma, more particularly described on Exhibit "A" attached hereto, together with any and all improvements thereon and appurtenances thereunto belonging including, by way of example and not by way of limitation, all right, title and interest in and to the adjacent streets, alleys and rights-of-way, to the centerline thereof, and any easement rights, parking areas, air rights, development rights and water rights, rights in common areas, rights in common walls, rights in loading and unloading facilities, storage facilities, rights in utility ducts and rights of access, ingress and egress, and warrant and forever defend the title to the same to be free, clear and discharged of and from all former grants, charges, taxes, judgments, mortgages and other liens and encumbrances of whatsoever nature, against the Grantor, its successors and assigns, and all and every other person or persons whomsoever, lawfully claiming or to claim the same.

TO HAVE AND TO HOLD the above described real property and premises unto the Grantee, its successors and assigns forever, subject, however to (i) all oil, gas and other minerals previously reserved or conveyed of record, and (ii) the Permitted Exceptions described on Exhibit "B" attached hereto.

SIGNED AND DELIVERED effective as of the 13th day September, 2001.

WILLIAMS TECHNOLOGY CENTER, LLC,
A Delaware Limited Liability Company
by Williams Communications, LLC, Sole Member

By: ------------------------------------

Name: HOWARD S. KALIKA

Title: VICE PRESIDENT

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

This instrument was acknowledged before me on ________________, 2001, by _______________________, as Vice President of WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company, Sole Member of Williams Technology Center, LLC.

My Commission Expires: Notary Public

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(SEAL)

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

Center Parcel

The Easterly Half (E/2) of Block Eighty-eight (88), ORIGINAL TOWN OF TULSA, located in the City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof, more particularly described as follows:

BEGINNING at the Southeasterly corner of Block 88; thence Northerly 300 feet along the Easterly line of Block 88 to the Northeasterly corner of said Block; thence Westerly along the Northerly line of said Block a distance of 150 feet to a point; thence Southerly a distance of 300 feet to a point on the Southerly line of said Block; thence Easterly along the Southerly line 150 feet to the Point of Beginning.

AND, the following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, a portion of South Cincinnati Avenue adjacent to Blocks 88 and 87, Original Townsite, Tulsa County, State of Oklahoma and said portion of East Second Street adjacent to Blocks 88 and 106, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of Three (3) feet lower than the driving lanes of said roadway. Said potion of streets being more fully described as follows to wit:

Commencing at the point of beginning, said point being the northeast corner of Block 88; thence westerly along the northerly line of said Block 88 a distance of 160.00 feet; thence northerly and perpendicular to the northerly line of said Block 88 a distance of 3.50 feet; thence easterly and parallel the northerly line of said Block 88 a distance of 166.75 feet; thence southerly and parallel the easterly line of said Block 88 a distance of 311. 50 feet; thence westerly and parallel the southerly line of Block 88 a distance of 166.75 feet; thence northerly a distance of 8.00 feet to a point on the southerly line of said Block 88, said point being 10.00 feet westerly from the southwest corner of Lot 6, Block 88; thence easterly along the southerly line of Block 88 a distance of 160.00 feet to the southeast corner of Lot 6 Block 88; thence northerly along the easterly line of Block 88 a distance of 300.00 feet to the point of beginning.

Parking Structure Parcel

TRACT A:

LOTS ONE (1), TWO (2), THREE (3) AND FOUR (4), BLOCK SEVENTY-FOUR (74), ORIGINAL TOWNSITE OF TULSA, NOW CITY OF TULSA, TULSA COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE OFFICIAL PLAT THEREOF;

TRACT B:

ALL THAT PART OF THE ORIGINAL TULSA STATION AND DEPOT GROUNDS OF THE BURLINGTON NORTHERN RAILROAD COMPANY'S RIGHT OF WAY LOCATED IN SECTIONS 1 AND 2, TOWNSHIP 19 NORTH, RANGE 12 EAST OF THE INDIAN BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT A POINT THAT IS THE NORTHWEST CORNER OF BLOCK 74, ORIGINAL TOWN OF TULSA, NOW CITY OF TULSA, TULSA COUNTY, OKLAHOMA, ACCORDING TO THE OFFICIAL PLAT THEREOF; THENCE WESTERLY ALONG THE WESTERLY PRODUCTION OF THE NORTH LINE OF BLOCK 74, A DISTANCE OF 80.00 FEET TO A POINT, ALSO BEING THE NORTHEAST CORNER OF BLOCK 73, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF THAT CERTAIN SALE TO THE TULSA URBAN RENEWAL AUTHORITY, DATED DECEMBER 30, 1970, RECORDED DECEMBER 30, 1970, IN BOOK 3951 AT PAGES 1235, 1236, 1237 AND 1238, AND CORRECTION DEED DATED AUGUST 28, 1973; THENCE NORTHERLY ALONG THE NORTHERLY PRODUCTION OF THE EAST LINE OF SAID BLOCK 73 A DISTANCE OF 200.00 FEET; THENCE EASTERLY PARALLEL 200.00 FEET NORTHERLY OF THE NORTH LINE OF SAID BLOCK 74 A DISTANCE OF 80.00 FEET TO A POINT ON THE NORTHERLY PRODUCTION OF THE WEST LINE OF BLOCK 74; THENCE SOUTHERLY ALONG THE NORTHERLY PRODUCTION OF THE WEST LINE OF BLOCK 74 A DISTANCE OF 20.00 FEET; THENCE EASTERLY PARALLEL 180.00 FEET NORTHERLY OF THE NORTH LINE OF SAID BLOCK 74 A DISTANCE OF 60.91 FEET TO A POINT OF INTERSECTION WITH AN EXISTING CONCRETE RETAINING WALL; THENCE NORTHEASTERLY ALONG A DEFLECTION ANGLE TO THE LEFT OF 5(DEGREE)42'01" A DISTANCE OF 240.27 FEET TO A POINT ON THE NORTHERLY PRODUCTION OF THE EAST LINE OF BLOCK 74; THENCE SOUTHERLY ALONG SAID NORTHERLY PRODUCTION OF THE EAST LINE OF BLOCK 74 A DISTANCE OF 203.86 FEET TO THE NORTHEAST CORNER OF BLOCK 74; THENCE WESTERLY ALONG THE NORTHERLY LINE OF BLOCK 74 A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING OF SAID TRACT OF LAND.

AND, the following described property:

A portion of East First Street adjacent to Block 74 and Block 87 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of One (1) foot lower than the driving lanes of said roadway. Said portion of street being more fully described as follows to wit:

Commencing at a point of beginning, said point being the southwest corner of Block 74; thence southerly and perpendicular to the south line of Block 74 a distance of 2.75 feet; thence easterly and parallel to the southerly line of said Block 74 a distance of 302.75 feet; thence northerly and parallel to the easterly line of Block 74 a distance of 191.00 feet; thence westerly and perpendicular a distance of 2.75 feet to the east line of Block 74; thence southerly along the east line of Block 74 a distance of 188.25 feet, thence westerly along the southerly line of Block 74 a distance of 300.00 feet, to the point of beginning.

Skywalk No. 1

The following described property:

A portion of South Cincinnati Avenue adjacent to Blocks 73 and 74, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of South Cincinnati Avenue being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southwest corner of Lot 3 Block 74, Original Townsite; thence northerly along the westerly line a distance of 32.00

feet of said Lot 3, Block 74; thence westerly and perpendicular a distance of 80.00 feet to a point on the easterly line of Lot 1, Block 73, Original Townsite; thence southerly along the easterly line a distance of 32.0 feet of said Lot 1, Block 73; thence easterly and perpendicular a distance of 80.00 feet to the point of beginning.

Skywalk No. 2

The following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of East First Street being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southeast corner of Lot 1, Block 73, Original Townsite; thence westerly along the southerly line of Lot 1 Block 73 a distance of 26.00 feet; thence southerly and perpendicular a distance of 80.00 feet to a point on the northerly line of Lot 3, Block 88, Original Townsite; thence easterly along the northerly line of Lot 3 Block 88 a distance of 26.00 feet to the northeast corner of Lot 3, Block 88; thence northerly and perpendicular a distance of 80.00 feet to the point of beginning.

EXHIBIT "B"

Permitted Exceptions

SCHEDULE II

NON-FOREIGN ENTITY CERTIFICATION

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by WILLIAMS TECHNOLOGY CENTER, LLC (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor's U.S. employer identification number is: ______________________________;

3. Transferor's office address is:
   Williams Technology Center, LLC

   One Williams Center
   Tulsa, OK 74172

Transferor understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made within this certification could be punished by fine, imprisonment, or both.

Under penalties of perjury the undersigned declares that he/she has examined this certification and that to the best of his/her knowledge and belief it is true, correct and complete, and the undersigned further declares that he/she has the authority to sign this document on behalf of the Transferor.

WILLIAMS TECHNOLOGY CENTER, LLC, a
Delaware Limited Liability Company

By: --------------------------------------

Name: ------------------------------------

Title: -----------------------------------

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

Subscribed and sworn to before me this ___ day of ______________, 2001.

Notary Public

My Commission Expires:

- ----------------------------

(SEAL)

SCHEDULE III

BILL OF SALE AND ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company (the "Grantor") for the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, in hand paid, the receipt and adequacy of which are hereby acknowledged, has bargained and sold, and by these presents does grant, bargain, sell, assign, transfer and deliver unto WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation (the "Grantee") the following described property (collectively the "Personal Property"):

1. All of Grantor's right, title and interest in all tangible personal property, if any, located on the real property more particularly described on Exhibit "A" attached hereto (the "Real Property"), commonly known as the Williams Technology Center, Tulsa, Oklahoma, which personal property is used in the ownership, operation or maintenance of the real property and the buildings and improvements located thereon, all as specifically described on Exhibit "B" attached hereto; and

2. All of Grantor's right, title and interest in all intangible personal property used in the ownership, operation and maintenance of said real property and the buildings and improvements located thereon, including, without limitation, all instruments, documents of title, guarantees and warranties, permits, licenses, certificates of occupancy, general intangibles, business records, cash, utility deposits, bank accounts, receivables, rights to insurance proceeds, existing claims and causes of action.

TO HAVE AND TO HOLD the same unto the Grantee, its successors and assigns forever, and Grantor will warrant and defend title to such Personal Property against the lawful claims and demands of persons claiming by or through Grantor, but not otherwise.

Grantor hereby acknowledges that Grantee does not assume the obligations of Grantor for actions or omissions of Grantor prior to the date hereof in regard to any Property assigned and transferred hereunder, and Grantor agrees to indemnify and hold Grantee harmless from any loss, costs, claims and expenses, including, without limitation, attorney's fees and any litigation costs or expenses which are incurred by Grantee as a result of any act or omission of Grantor prior to the date hereof or any claim in regard thereto.

The Property hereby sold is conveyed "as is" without warranty of any kind as to its physical condition, including, without limitation, warranties of merchantability and fitness.

IN WITNESS WHEREOF, the Grantor has caused this Bill of Sale and Assignment to be executed effective as of the 11th day of September, 2001.

WILLIAMS TECHNOLOGY CENTER, LLC, a
Delaware limited liability company

By:

Printed:

Title:

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

Center Parcel

The Easterly Half (E/2) of Block Eighty-eight (88), ORIGINAL TOWN OF TULSA, located in the City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof, more particularly described as follows:

BEGINNING at the Southeasterly corner of Block 88; thence Northerly 300 feet along the Easterly line of Block 88 to the Northeasterly corner of said Block; thence Westerly along the Northerly line of said Block a distance of 150 feet to a point; thence Southerly a distance of 300 feet to a point on the Southerly line of said Block; thence Easterly along the Southerly line 150 feet to the Point of Beginning.

AND, the following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, a portion of South Cincinnati Avenue adjacent to Blocks 88 and 87, Original Townsite, Tulsa County, State of Oklahoma and said portion of East Second Street adjacent to Blocks 88 and 106, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of Three (3) feet lower than the driving lanes of said roadway. Said potion of streets being more fully described as follows to wit:

Commencing at the point of beginning, said point being the northeast corner of Block 88; thence westerly along the northerly line of said Block 88 a distance of 160.00 feet; thence northerly and perpendicular to the northerly line of said Block 88 a distance of 3.50 feet; thence easterly and parallel the northerly line of said Block 88 a distance of 166.75 feet; thence southerly and parallel the easterly line of said Block 88 a distance of 311. 50 feet; thence westerly and parallel the southerly line of Block 88 a distance of 166.75 feet; thence northerly a distance of 8.00 feet to a point on the southerly line of said Block 88, said point being 10.00 feet westerly from the southwest corner of Lot 6, Block 88; thence easterly along the southerly line of Block 88 a distance of 160.00 feet to the southeast corner of Lot 6 Block 88; thence northerly along the easterly line of Block 88 a distance of 300.00 feet to the point of beginning.

Parking Structure Parcel

TRACT A:

LOTS ONE (1), TWO (2), THREE (3) AND FOUR (4), BLOCK SEVENTY-FOUR (74), ORIGINAL TOWNSITE OF TULSA, NOW CITY OF TULSA, TULSA COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE OFFICIAL PLAT THEREOF;

TRACT B:

ALL THAT PART OF THE ORIGINAL TULSA STATION AND DEPOT GROUNDS OF THE BURLINGTON NORTHERN RAILROAD COMPANY'S RIGHT OF WAY LOCATED IN SECTIONS 1 AND 2, TOWNSHIP 19 NORTH, RANGE 12 EAST OF THE INDIAN BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT A POINT THAT IS THE NORTHWEST CORNER OF BLOCK 74, ORIGINAL TOWN OF TULSA, NOW CITY OF TULSA, TULSA COUNTY, OKLAHOMA, ACCORDING TO THE OFFICIAL PLAT THEREOF; THENCE WESTERLY ALONG THE WESTERLY PRODUCTION OF THE NORTH LINE OF BLOCK 74, A DISTANCE OF 80.00 FEET TO A POINT, ALSO BEING THE NORTHEAST CORNER OF BLOCK 73, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF THAT CERTAIN SALE TO THE TULSA URBAN RENEWAL AUTHORITY, DATED DECEMBER 30, 1970, RECORDED DECEMBER 30, 1970, IN BOOK 3951 AT PAGES 1235, 1236, 1237 AND 1238, AND CORRECTION DEED DATED AUGUST 28, 1973; THENCE NORTHERLY ALONG THE NORTHERLY PRODUCTION OF THE EAST LINE OF SAID BLOCK 73 A DISTANCE OF 200.00 FEET; THENCE EASTERLY PARALLEL 200.00 FEET NORTHERLY OF THE NORTH LINE OF SAID BLOCK 74 A DISTANCE OF 80.00 FEET TO A POINT ON THE NORTHERLY PRODUCTION OF THE WEST LINE OF BLOCK 74; THENCE SOUTHERLY ALONG THE NORTHERLY PRODUCTION OF THE WEST LINE OF BLOCK 74 A DISTANCE OF 20.00 FEET; THENCE EASTERLY PARALLEL 180.00 FEET NORTHERLY OF THE NORTH LINE OF SAID BLOCK 74 A DISTANCE OF 60.91 FEET TO A POINT OF INTERSECTION WITH AN EXISTING CONCRETE RETAINING WALL; THENCE NORTHEASTERLY ALONG A DEFLECTION ANGLE TO THE LEFT OF 5(DEGREE)42'01" A DISTANCE OF 240.27 FEET TO A POINT ON THE NORTHERLY PRODUCTION OF THE EAST LINE OF BLOCK 74; THENCE SOUTHERLY ALONG SAID NORTHERLY PRODUCTION OF THE EAST LINE OF BLOCK 74 A DISTANCE OF 203.86 FEET TO THE NORTHEAST CORNER OF BLOCK 74; THENCE WESTERLY ALONG THE NORTHERLY LINE OF BLOCK 74 A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING OF SAID TRACT OF LAND.

AND, the following described property:

A portion of East First Street adjacent to Block 74 and Block 87 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of One (1) foot lower than the driving lanes of said roadway. Said portion of street being more fully described as follows to wit:

Commencing at a point of beginning, said point being the southwest corner of Block 74; thence southerly and perpendicular to the south line of Block 74 a distance of 2.75 feet; thence easterly and parallel to the southerly line of said Block 74 a distance of 302.75 feet; thence northerly and parallel to the easterly line of Block 74 a distance of 191.00 feet; thence westerly and perpendicular a distance of 2.75 feet to the east line of Block 74; thence southerly along the east line of Block 74 a distance of 188.25 feet, thence westerly along the southerly line of Block 74 a distance of 300.00 feet, to the point of beginning.

Skywalk No. 1

The following described property:

A portion of South Cincinnati Avenue adjacent to Blocks 73 and 74, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of South Cincinnati Avenue being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southwest corner of Lot 3 Block 74, Original Townsite; thence northerly along the westerly line a distance of 32.00

feet of said Lot 3, Block 74; thence westerly and perpendicular a distance of 80.00 feet to a point on the easterly line of Lot 1, Block 73, Original Townsite; thence southerly along the easterly line a distance of 32.0 feet of said Lot 1, Block 73; thence easterly and perpendicular a distance of 80.00 feet to the point of beginning.

Skywalk No. 2

The following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of East First Street being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southeast corner of Lot 1, Block 73, Original Townsite; thence westerly along the southerly line of Lot 1 Block 73 a distance of 26.00 feet; thence southerly and perpendicular a distance of 80.00 feet to a point on the northerly line of Lot 3, Block 88, Original Townsite; thence easterly along the northerly line of Lot 3 Block 88 a distance of 26.00 feet to the northeast corner of Lot 3, Block 88; thence northerly and perpendicular a distance of 80.00 feet to the point of beginning.

EXHIBIT "B"

DESCRIPTION OF TANGIBLE PERSONAL PROPERTY

Category 1 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Furniture	#10001052	$17,878,001
Design Fees & Expenses	#10001285	$ 2,345,477
Voice Systems	IT-VS-2001	$ 5,465,827
Flooring (initial order)	#10000723 & 10001038	$ 1,677,487
Contingent Costs		$ 1,189,689
SUBTOTAL		$28,556,481

Category 2 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Desktop	IT-DT-2001	$ 7,608,570
Audio Visual	#10001221	$19,996,330
Data Network	IT-DN-2001	$13,800,779
Servers	IT-SA-2001	$ 5,867,282
Contingent Costs		$ 277,963
SUBTOTAL		$47,550,924

The Lessor and Lessee agree to reconcile the exact Category 1 FF&E and Category 2 FF&E within forty-five (45) days of the Substantial Completion Date as defined in the Construction Completion Agreement.

SCHEDULE IV

After Recording Return To

(This space reserved for recording information)

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT, made this _________ day of September, 2001, by and between Williams Headquarters Building Company, a Delaware Corporation, and Williams Field Services Company, a Delaware Corporation (collectively, "Grantors") and Williams Technology Center, L.L.C., a Delaware Limited Liability Company ("Grantee").

WHEREAS, Grantors are the owners of certain real property located in the City of Tulsa, Tulsa County, State of Oklahoma as further described on Exhibit "A" attached hereto and made a part hereof ("Easement Tract"); and

WHEREAS, Grantors desire to grant to Grantee an exclusive, perpetual easement over, above, upon and across the Easement Tract for the purposes of installing, constructing, maintaining and operating a back up generator system, including an associated above-ground fuel tank, together with a non-exclusive, perpetual easement over, upon and across that certain property described on Exhibit "A" as: a) the Access Area (the "Access Area") for the purpose of ingress and egress to the Easement Tract; b) the cable easement area (the "Cable Easement Area") for the purpose of running underground cables or wires to the equipment to be located on the Easement Tract; and c) the fuel line easement area (the "Fuel Line Easement Area") for the purpose of running underground fuel lines between the generators and the fuel tank (the Easement Tract, Access Area, Cable Easement Area and Fuel Line Easement Area are sometimes collectively referred to herein as the "Easement").

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed as follows:

1. Grantors hereby grant to Grantee an exclusive, perpetual easement and right, subject to reversion as herein described, over, above, across and upon the Easement Tract for the sole purpose of installing, constructing, maintaining and operating, a back up generator system, including but not limited to all activities appurtenant or incidental thereto. In the event Grantee ceases to use the Easement Tract for the foregoing purpose for a period of six (6) months, the Easement herein granted to Grantee shall immediately revert to Grantor, its successors and assigns, without the need for further instrument or writing. Further, Grantors hereby grant to Grantee a non-exclusive easement and right of way over and across: a) the Access Area for the purpose of ingress and egress to and from the Easement Tract; b) the Cable Easement Area for the sole purpose of installing, constructing, maintaining and operating underground cables, conduits and/or wires in connection with the equipment installed on the Easement Tract; and c) the Fuel Line

Easement Area for the sole purpose of installing, constructing, maintaining and operating an underground fuel line between the fuel tank and the generator located on the Easement Tract.

2. The Easement granted herein includes incidental rights of maintenance, repair, and replacement. Further, the easement herein granted across the Access Area, the Cable Easement Area and the Fuel Line Easement Area is not exclusive and Grantors retain all rights for use of such Access Area, Cable Easement Area and the Fuel Line Easement Area in any manner not inconsistent with the rights herein granted to Grantee; provided however, the easement herein granted over and across the Easement Tract is and shall be deemed exclusive in favor of Grantee.

3. Grantee shall indemnify and hold Grantors harmless from and against any and all claims, losses or judgments including all expenses, reasonable attorney fees, witness fees and the cost of defending any such action or claims or appeals therefrom which arise out of or from the use, maintenance or operation of the Easement Tract, the Access Tract, the Cable Easement Area and the Fuel Line Easement Area or of any improvements within or connected therewith by Grantee, its agents, servants, employees, invitees, licensees, assignees or trespassers thereon, including any interference or damage to any person or property and any environmental claim or damage. The provisions of this paragraph shall survive the termination of this Easement Agreement.

4. This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged. This instrument may be signed in any number of counterparts, all of which taken together shall be considered one instrument.

5. In the event of any controversy, claim, or dispute relating to this instrument or the breach thereof, the prevailing party shall be entitle to recover from the losing party reasonable expenses, attorney's fees, and costs.

6. This instrument shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

WILLIAMS HEADQUARTERS BUILDING COMPANY
A Delaware Corporation

By:

Name:

Title:

WILLIAMS FIELD SERVICES COMPANY,
A Delaware Corporation

By:

Name:

Title:

"GRANTORS"

WILLIAMS TECHNOLOGY CENTER, L.L.C.
A Delaware Corporation

By:

Name:

Title:

"GRANTEE"

ACKNOWLEDGEMENTS

STATE OF OKLAHOMA)
) ss
COUNTY OF TULSA)

This instrument was acknowledged before me, on __________________, 2001 by __________________ as _____________________ of Williams Headquarters Building Company, a Delaware Corporation.

Notary Public

My Commission Expires:

- -----------------------------

(SEAL)

STATE OF OKLAHOMA)
) ss
COUNTY OF TULSA)

This instrument was acknowledged before me, on ________________, 2001 by _____________ as ________________ of Williams Field Services Company, a Delaware Corporation.

Notary Public

My Commission Expires:

- -----------------------------

(SEAL)

STATE OF OKLAHOMA)
) ss
COUNTY OF TULSA)

This instrument was acknowledged before me, on __________________, 2001 by ________________ as ___________________ of Williams Technology Center, L.L.C. a Delaware Limited Liability Company.

Notary Public

My Commission Expires:

- -----------------------------

(SEAL)

EXHIBIT A
EASEMENT TRACTS

Easement Tract:

1. Generator Tract

2. Fuel Tank Tract

Access Area:

Cable Easement Area:

Fuel Line Easement Area:

SCHEDULE V

MASTER LEASE

THIS MASTER LEASE ("Lease") is executed and delivered effective as of this 13th day of September, 2001 (the "Effective Date"), and is entered into by and among WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), and WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company ("Guarantor").

RECITALS

The circumstances underlying the execution and delivery of this Lease are as follows:

A. Capitalized terms used and not otherwise defined herein have the respective meanings given them in Article II, below.

B. On even date herewith, Lessor has purchased from Lessee One Technology Center also known as Williams Technology Center, and other related assets all located in Tulsa, Oklahoma (all of which comprise the Leased Properties as defined hereinbelow).

C. Lessor now wishes to lease the Leased Properties to Lessee, and Lessee wishes to lease the Leased Properties from Lessor, on the terms and conditions set forth in this Lease.

D. As a material inducement to Lessor to enter into this Lease, Guarantor desires to unconditionally guaranty the performance of all of Lessee's duties and obligations hereunder.

IN CONSIDERATION of the foregoing, the covenants and agreements contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, Lessor, Lessee and Guarantor agree as follows:

ARTICLE I

LEASEHOLD ESTATE

1.1 LEASE. Upon and subject to the terms and conditions hereinafter set forth, Lessor leases to Lessee, and Lessee leases from Lessor, the Leased Properties. Each Facility is leased subject to all covenants, conditions, restrictions, easements and other matters affecting such Facility, whether or not of record, including the Permitted Encumbrances and other matters which would be disclosed by an inspection of the Facility or by an accurate survey thereof.

1.2 INDIVISIBILITY. This Lease constitutes one indivisible lease of the Leased Properties, and not separate leases governed by similar terms. The Leased Properties constitute one economic unit, and the Base Rent and all other provisions have been negotiated and agreed to based on a demise of all of the Leased Properties as a single, composite, inseparable transaction and would have been substantially different had separate leases or a divisible lease been intended. Except as expressly provided herein for specific, isolated purposes (and then only

to the extent expressly otherwise stated), all provisions of this Lease apply equally and uniformly to all the Leased Properties as one unit. An Event of Default with respect to any Leased Property is an Event of Default as to all of the Leased Properties. The parties intend that the provisions of this Lease shall at all times be construed, interpreted and applied so as to carry out their mutual objective to create an indivisible lease of all the Leased Properties and, in particular but without limitation, that for purposes of any assumption, rejection or assignment of this Lease under 11 U.S.C. Section 365 of the Bankruptcy Code, this is one indivisible and non-severable lease and executory contract dealing with one legal and economic unit which must be assumed, rejected or assigned as a whole with respect to all (and only all) the Leased Properties covered hereby.

1.3 TERMS. This Lease shall have the Category 1 FF&E Term for the Category 1 FF&E, the Category 2 FF&E Term for the Category 2 FF&E, and the Realty Term for the Land and Leased Improvements (collectively the "Term" or "Terms").

ARTICLE II

DEFINITIONS

2.1 DEFINITIONS. For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP as at the time applicable, (iii) unless otherwise specifically designated, all references in this Lease to designated "Articles," Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease, and (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

Additional Charges: All Impositions and other amounts, liabilities and obligations which Lessee assumes or agrees to pay under this Lease, including without limitation, any and all costs, expenses and charges relating to the upkeep and operation of the Leased Properties.

Affiliate: Any Person which, directly or indirectly, Controls or is Controlled by or is under common Control with another Person.

Approval Threshold: Five Hundred Thousand Dollars ($500,000.00).

Assessment: Any governmental assessment on the Leased Properties or any part thereof for public or private improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term.

Assumed Indebtedness: Any indebtedness or other obligations expressly assumed in writing by Lessor and secured by a mortgage, deed of trust or other security agreement to which Lessor's title to the Leased Properties is subject.

Award: All compensation, sums or anything of value awarded, paid or received in connection with a total or partial Taking.

Base Rent: Collectively the Category 1 FF&E Base Rent, the Category 2 FF&E Base Rent and the Realty Base Rent.

Business Day: Any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan (as defined in the Credit Agreement), the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

Capital Lease Obligations: With respect to any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

Category 1 FF&E: All of the tangible personal property as set forth on EXHIBIT K.

Category 1 FF&E Base Rent: During the Category 1 FF&E Term, the Category 1 FF&E Base Rent shall be the sum computed as set forth on EXHIBIT L.

Category 1 FF&E Expiration Date: September 12, 2006.

Category 1 FF&E Term: Five (5) Lease Years commencing on the Commencement Date and ending on the Category 1 FF&E Expiration Date.

Category 2 FF&E: All of the tangible personal property as set forth on EXHIBIT M.

Category 2 FF&E Base Rent: During the Category 2 FF&E Term, the Category 2 FF&E Base Rent shall be the sum computed as set forth on EXHIBIT N.

Category 2 FF&E Expiration Date: September 12, 2004.

Category 2 FF&E Term: Three (3) Lease Years commencing on the Commencement Date and ending on the Category 2 FF&E Expiration Date.

Center: The multi-story office building located on the Center Parcel, commonly known as the One Technology Center and Williams Technology Center.

Center Parcel: The real property more particularly described on EXHIBIT A attached hereto and made a part hereof on which the Center is located.

Central Plant: As defined in the Construction Completion Agreement.

Change in Control: means

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Guarantor or WCG, of any ownership interest in the Lessee;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) other than Guarantor, of interests representing more than thirty-five percent (35%) of either (i) the aggregate ordinary voting power represented by the issued and outstanding ownership interests of Lessee, Guarantor or WCG, or (ii) the issued and outstanding ownership interests of Lessee, Guarantor or WCG;

(c) occupation of a majority of the seats (other than vacant seats) on the board of directors of Lessee, Guarantor or WCG, by Persons who were neither (i) nominated by the respective board of directors of Lessee, Guarantor, or WCG nor (ii) appointed by directors so nominated; or

(d) the acquisition of direct or indirect Control of Lessee, Guarantor or WCG, by any Person or group.

Clean-Up: The investigation, removal, restoration, remediation and/or elimination of, or other response to, Contamination, in each case to the satisfaction of all governmental agencies having jurisdiction, in compliance with or as may be required by Environmental Laws.

Code: The Internal Revenue Code of 1986, as amended.

Collateral: Whether now in existence or hereinafter created and/or acquired, collectively all Leased Personal Property and Fixtures, and insurance proceeds and products thereof, together with all books and records, computer files, programs, printouts and other computer materials and records related thereto.

Commencement Date: The Effective Date.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

Construction Completion Agreement. The Agreement of Purchase and Sale and Construction Completion dated effective as of February 26, 2001, as amended, between Lessor as Seller, and Lessee as Purchaser, covering a portion of the Leased Properties.

Construction Funds: The Net Proceeds and such additional funds as may be deposited with Lessor by Lessee pursuant to Section 14.6 for restoration or repair work pursuant to this Lease.

Contamination: The presence, Release or threatened Release of any Hazardous Materials at the Leased Properties in violation of any Environmental Law, or in a quantity that would give rise to any affirmative Clean-Up obligations under an Environmental Law, including, but not limited to, the existence of any injury or potential injury to public health, safety, natural resources or the environment associated therewith, or any other environmental condition at, in, about, under or migrating from or to the Leased Properties.

Control: The possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Credit Agreement: The Amended and Restated Credit Agreement dated as of September 8, 1999, among Guarantor, WCG, Bank of America, N.A., The Chase Manhattan Bank, and other parties, as may be amended or waived from time to time with respect to the financial covenants therein, a copy of which constituted as of the Effective Date is attached hereto as EXHIBIT C.

Date of Taking: The date on which the Condemnor has the right to possession of the Leased Property that is the subject of the Taking or Partial Taking.

Debt: This includes, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business (as defined in the Credit Agreement) for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Debt secured thereby has been assumed, (f) all guarantees by such Person of the Debt of others, (g) all Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Debt only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor), (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

Encumbrance: With respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

Environmental Audit: A written certificate, in form and substance satisfactory to Lessor, from an environmental consulting or engineering firm acceptable to Lessor, which states that there is no Contamination on the Leased Properties and that the Leased Properties are otherwise in strict compliance with Environmental Laws.

Environmental Documents: Each and every (i) document received by Lessee or any Affiliate from, or submitted by Lessee or any Affiliate to, the United States Environmental Protection Agency and/or any other federal, state, county or municipal agency responsible for enforcing or implementing Environmental Laws with respect to the condition of the Leased Properties, or Lessee's operations at the Leased Properties; and (ii) review, audit, report, or other analysis data pertaining to environmental conditions, including, but not limited to, the presence or absence of Contamination, at, in, or under or with respect to the Leased Properties that have been prepared by, for or on behalf of Lessee.

Environmental Laws: All federal, state and local laws (including, without limitation, common law), statutes, codes, ordinances, regulations, rules, orders, permits or decrees relating to the introduction, emission, discharge or release of Hazardous Materials into the indoor or outdoor environment (including without limitation, air, surface water, groundwater, (land or soil) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transportation or disposal of Hazardous Materials; or the Clean-Up of Contamination, all as are now or may hereinafter be in effect.

Equipment: Collectively, all the items of machinery and equipment as defined in Article 9 of the UCC comprising part of the Leased Personal Property.

ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA Event: (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Lessee or Guarantor of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Lessee or Guarantor from the Pension Benefit Guaranty Corporation as defined in ERISA (and any successor entity) or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to

administer any Plan; (f) the incurrence by Lessee or Guarantor of any liability with respect to the withdrawal or partial withdrawal from any Plan or multiemployer plan (as defined in Section 4001(a)(3) of ERISA); or (g) the receipt by Lessee or Guarantor of any notice, or the receipt by any multiemployer plan from Lessee or Guarantor of any notice, concerning the imposition of Withdrawal Liability or a determination that a multiemployer plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

Event of Default: The occurrence of any of the following:

(a) Lessee fails to pay or cause to be paid the Rent when due and payable;

(b) Any of Lessee, Guarantor or WCG, has a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it, or a court of competent jurisdiction enters an order or decree appointing a receiver of Lessee, Guarantor or WCG or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C. Section 101, et seq.) and to the provisions of Section 16.7;

(c) Lessee, Guarantor or WCG: (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C. Section 101, et seq.) and to the provisions of Section 16.7;

(d) Lessee, Guarantor or WCG, is liquidated or dissolved, or begins a Proceeding toward liquidation or dissolution, or has filed against it a petition or other Proceeding to cause it to be liquidated or dissolved and the Proceeding is not dismissed within thirty (30) days thereafter, or Lessee or Guarantor in any manner permits the sale or divestiture of substantially all of its assets;

(e) The estate or interest of Lessee in the Leased Properties or any part thereof is levied upon or attached in any Proceeding and the same is not vacated or discharged within thirty (30) days thereafter (unless Lessee is in the process of contesting such lien or attachment in good faith in accordance with Article XII);

(f) Any representation or warranty made by Lessee or Guarantor in the Purchase Agreement or in the certificates delivered in connection therewith shall prove to be incorrect in any material respect when made or deemed made, Lessor is materially and adversely affected thereby and Lessee or Guarantor as the case may be, fails within twenty (20) days after Notice from Lessor thereof to cure such condition by terminating such adverse effect and making Lessor whole for any damage suffered therefrom, or, if with due diligence such cure cannot be

effected within twenty (20) days, if Lessee has failed to commence to cure the same within the twenty (20) days or failed thereafter to proceed promptly and with due diligence to cure such condition and complete such cure prior to the time that such condition causes a default in any Facility Mortgage or any other lease to which Lessee is subject and prior to the time that the same results in civil or criminal penalties to Lessor, Lessee, Guarantor or any Affiliates of any of such parties or the Leased Properties;

(g) Lessee defaults, or permits a default, under any Facility Mortgage, related documents or obligations thereunder which default is not cured within any applicable grace period provided for therein;

(h) A default occurs under the Guaranty;

(i) A Transfer occurs without the prior written consent of Lessor;

(j) Except as otherwise provided in subsection (o) below, a default occurs under any Material Debt when and as the same become due and payable (subject to any applicable grace period);

(k) Lessee fails to purchase the Leased Properties if and as required under this Lease;

(l) Lessee, Guarantor or WCG breaches any of the financial covenants set forth in Article VIII hereof and the breach is not cured within a period of thirty (30) days after the earlier to occur of (i) the Notice thereof from Lessor, or (ii) knowledge thereof by Lessee, Guarantor or WCG;

(m) Lessee or Guarantor fails to observe or perform any other term, covenant or condition of this Lease and the failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor;

(n) Lessee or Guarantor breaches any representation or warranty made by it in this Lease;

(o) An Event of Default (as defined in the Credit Agreement), occurs and an acceleration of any of the Loans as defined in the Credit Agreement results;

(p) One or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Lessee, Guarantor or WCG, or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Lessee, Guarantor or WCG to enforce any such judgment;

(q) An ERISA Event shall have occurred that, in the opinion of the Lessor, when taken together with all other ERISA Events that have occurred, could reasonably be

expected to result in liability of Lessee, Guarantor or WCG in an aggregate amount exceeding $25,000,000 for all periods;

(r) The Guaranty shall cease for any reason (other than the merger out of existence of the Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of the Guaranty) to be in full force and effect, or Guarantor shall so assert in writing;

(s) A Change in Control shall occur;

(t) Lessee or Guarantor fails to observe or perform any provisions of Article XIII regarding insurance; or

(u) This Lease together with the Purchase Agreement are determined not to be a Qualifying Issuance as defined in the Credit Agreement.

Facility: Each of the Center and the Parking Structure.

Facility Mortgage: Any mortgage, deed of trust or other security agreement which with the express, prior, written consent of Lessor is a lien upon any or all of the Leased Properties, whether such lien secures an Assumed Indebtedness or another obligation or obligations.

Facility Mortgagee: The secured party to a Facility Mortgage.

Financial Statement: As to WCG, for any period, a statement of earnings and retained earnings and of changes in financial position and profit and loss for such period, and for the period from the beginning of the fiscal year to the end of such period, and the related balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, and prepared in accordance with GAAP, certified to be accurate and complete by the chief financial officer of WCG. WCG's fiscal year-end Financial Statement shall be an audited financial report prepared by Ernst & Young LLP or other independent certified public accountants of recognized national standing and otherwise reasonably satisfactory to Lessor, containing WCG's balance sheet as of the end of that year, its related profits and losses, a statement of shareholder's equity for that year, a statement of cash flows for that year, any management letter prepared by those certified public accountants and such comments and financial details as are customarily included in reports of like character and the unqualified opinion of the certified public accountants as to the fairness of the statements therein.

Fixtures: Collectively, all permanently affixed Equipment, machinery, and fixtures, all as defined in Article 9 of the UCC, and other items of real and/or personal property (excluding Leased Personal Property and any portion of the Central Plant), including all components thereof, now and hereafter located in, on or used in connection with, and permanently affixed to or incorporated into the Leased Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus (other than individual units), sprinkler systems and fire and theft protection equipment, towers and other devices for the transmission of radio,

television and other signals, all of which, to the greatest extent permitted by law, are hereby deemed by the parties hereto to constitute real estate, together with all replacements, modifications, alterations and additions thereto.

GAAP: Generally accepted accounting principles in the United States of America, in effect at the time in question.

Governmental Authority: The government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

Guaranty: The Guaranty of even date herewith in the form attached hereto as EXHIBIT H executed by Guarantor.

Hazardous Materials: All explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

Impositions: Collectively, all taxes (including, without limitation, all capital stock and franchise taxes of Lessor and all ad valorem, sales and use, single business, gross receipts, transaction privilege, rent or similar taxes to the extent the same are assessed against Lessor on the basis of its gross or net income from this Lease or the value of the Leased Properties), assessments (including Assessments), ground rents, water, sewer or other rents and charges, excises, tax levies, fees (including, without limitation, license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Properties or the businesses conducted thereon by Lessee and/or the Rent (including all interest and penalties thereon), which at any time prior to, during or in respect of the Term may be assessed or imposed on or in respect of or be a lien upon (i) Lessor or Lessor's interest in the Leased Properties, (ii) the Leased Properties or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (iii) any occupancy, operation, use or possession of, or sales from, or activity conducted on, or in connection with the Leased Properties or the leasing or use of the Leased Properties or any part thereof or (iv) the Rent; notwithstanding the foregoing, Imposition shall not include: (i) except as provided above, any tax imposed on Lessor's gross or net income generally and not specifically arising in connection with the Leased Properties (unless such a tax is levied, assessed or imposed in lieu of a portion or all of a tax which was included within the definition of "Imposition,") or (ii) any transfer or other tax imposed with respect to any subsequent sale, exchange or other disposition by Lessor of the Leased Properties or any part thereof or the proceeds thereof.

Insurance Requirements: All terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.

Interest Rate: The rate as set forth on EXHIBIT I.

Inventory: Collectively, all of the inventory as defined in Article 9 of the UCC comprising part of the Leased Personal Property.

Investigation: Soil and chemical tests or any other environmental investigations, examinations or analyses.

Judgment Date: The date on which a judgment is entered against Lessee which establishes, without the possibility of appeal, the amount of liquidated damages to which Lessor is entitled hereunder.

Land: The Center Parcel and the Parking Structure Parcel.

La Petite Lease. The term "La Petite Lease" shall mean that certain Ground Lease with Construction by Lessee between Williams Realty Corp. (now Williams Headquarters Building Company), as Landlord and La Petite Academy, Inc., as Lessee, dated July 22, 1987, as amended by that certain First Amendment to Lease Agreement dated February 28, 1989.

La Petite Parcel. The term "La Petite Parcel" shall mean the real property covered by the La Petite Lease.

Lease: As defined in the Preamble.

Lease Year: Each period of twelve (12) calendar months commencing with the Commencement Date, and any succeeding twelve (12) month period during the Term.

Leased Improvements: Collectively, all buildings, structures, Fixtures and other improvements of every kind on the Land including, but not limited to the Center, the Parking Structure and the Skywalk, and all alleyways, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas and roadways appurtenant to such buildings and structures.

Leased Personal Property: The Category 1 FF&E, the Category 2 FF&E, and all Personal Property leased to Lessee on the Commencement Date, and all Personal Property that pursuant to the terms of the Lease becomes the property of Lessor during the Term.

Leased Property: The Land on which a Facility is located, the Leased Improvements on such portion of the Land, the Related Rights with respect to such portion of the Land.

Leased Properties: All Leased Property and Leased Personal Property, SPECIFICALLY EXCLUDING, however, the Central Plant.

Leased Properties Trade Name: The name under which the Leased Properties do business during the Term. The current Leased Properties Trade Name is both "One Technology Center" and "Williams Technology Center".

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, orders, waivers, regulations, ordinances, judgments, decrees and injunctions affecting the Leased Properties or any portion thereof, Lessee's Personal Property or the construction, use or alteration thereof, including but not limited to the Americans with Disabilities Act, whether enacted and in force before, after or on the Commencement Date, and including any which may (i) require repairs, modifications, alterations or additions in or to any portion or all of the Facilities, or (ii) in any way adversely affect the use and enjoyment thereof, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and Encumbrances contained in any instruments, either of record or known to Lessee (other than Encumbrances created by Lessor without the consent of Lessee), in force at any time during the Term.

Lessee's Certificate: A statement in writing in substantially the form of EXHIBIT D (with such changes thereto as may reasonably be requested by the person relying on such certificate).

Lessee's Personal Property: Personal Property owned or leased by Lessee that is not included within the definition of Leased Personal Property but is used by Lessee in the operation of the Facilities, including Personal Property provided by Lessee in compliance with Section 6.3.

Manager: The Person to which management of the operation of a Facility is delegated.

Material Adverse Change: Any event, development or circumstance that has had or could reasonably expect to have a Material Adverse Effect.

Material Adverse Effect: A material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Lessee, Guarantor, or WCG, taken as a whole, (b) the ability of Lessee, Guarantor, or WCG to perform any of its duties or obligations under this Lease or the Credit Agreement, or (c) the rights of or benefits available to the Lessor under this Lease.

Material Debt: Any Debt (other than the financial obligations under this Lease), of the Lessee, Guarantor, or WCG, in an aggregate principal amount exceeding $25,000,000.00.

Net Proceeds: All proceeds, net of any costs incurred by Lessor in obtaining such proceeds, payable under any policy of insurance required by Article XIII of this Lease (including any proceeds with respect to Lessee's Personal Property that Lessee is required or elects to restore or replace pursuant to Section 14.3) or paid by a Condemnor for the Taking of any of all or any portion of a Leased Property.

Notice: A notice given in accordance with Article XXXI.

Notice of Termination: A Notice from Lessor that it is terminating this Lease by reason of an Event of Default or otherwise as specifically set forth in this Lease.

Officer: The chairman of the board of directors, the president, any vice president and the secretary of any corporation, a general partner of any partnership, and a manager or managing member of any limited liability company.

Officer's Certificate: If for a corporation, a certificate signed by one or more officers of the corporation authorized to do so by the bylaws of such corporation or a resolution of the Board of Directors thereof; if for a partnership, limited liability company or any other kind of entity, a certificate signed by a Person having the authority to so act on behalf of such entity.

Overdue Rate: On any date, the interest rate per annum, that is equal to two percent (2%) (two hundred (200) basis points) above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Parking Structure. The multi-story parking facility located on the Parking Structure Parcel.

Parking Structure Parcel. The real property more particularly described on EXHIBIT B on which the Parking Structure is located, which includes without limitation, the La Petite Parcel.

Partial Taking: A taking of less than the entire fee of a Leased Property that either (i) does not render the Leased Property Unsuitable for its Primary Use, or (ii) renders a Leased Property Unsuitable for its Primary Intended Use, but neither Lessor nor Lessee elects pursuant to Section 15.1 hereof to terminate this Lease.

Payment Date: Any due date for the payment of the installments of Base Rent or for the payment of Additional Charges or any other amount required to be paid by Lessee hereunder.

Permitted Encumbrances: Encumbrances listed on attached EXHIBIT E.

Person: Any natural person, trust, partnership, corporation, joint venture, limited liability company or other legal entity.

Personal Property: All tangible and intangible personal property including but not limited to machinery, equipment, furniture, furnishings, movable walls or partitions, computers (and all associated software), trade fixtures and other personal property (but excluding consumable inventory and supplies owned by Lessee) used in connection with the Leased Properties, together with all replacements, substitutions, and alterations thereof and additions thereto including all tangible personal property acquired hereafter used in connection with the

Leased Properties, except items, if any, (i) included within the definition of Fixtures or Leased Improvements, and (ii) any and all components of the Central Plant.

Plan: Any employee pension benefit plan (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Lessee or Guarantor is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

Primary Intended Use: Multi-use office and technology facility.

Prime Rate: On any date, an interest rate equal to the prime rate published by the Wall Street Journal, but in no event greater than the maximum rate then permitted under applicable law. If the Wall Street Journal ceases to be in existence, or for any reason no longer publishes such prime rate, the Prime Rate shall be the rate announced as its prime rate by Citibank, N.A., and if such bank no longer exists or does not announce a prime rate at such time, the Prime Rate shall be the rate of interest announced as its prime rate by Bank of America, N.A.

Proceeding: Any litigation, action, proposal or investigation by or against any agency or entity, including without limitation Lessee and Guarantor.

Purchase Agreement: The Purchase and Sale Agreement of even date herewith, among Lessor, as Purchaser, Lessee, as Seller, and Guarantor, covering the Leased Properties.

Rate: As defined on EXHIBIT I.

Realty: Collectively, the Land and Leased Improvements.

Realty Base Rent: During the Realty Term, the Realty Base Rent shall be the sum computed as set forth on EXHIBIT J.

Realty Base Rent Interest: As defined on EXHIBIT J.

Realty Base Rent Principal: As defined on EXHIBIT J.

Realty Expiration Date: September 1, 2011.

Realty Term: Ten (10) Lease Years commencing on the Commencement Date and ending on the Realty Expiration Date.

Regulatory Actions: Any claim, demand, notice, action or Proceeding brought, threatened or initiated by any governmental authority in connection with any Environmental Law, including, without limitation, any civil, criminal and administrative Proceeding whether or not the remedy sought is costs, damages, equitable remedies, penalties or expenses.

Related Rights: All easements, rights-of-way and appurtenances relating to the Land and the Leased Improvements.

Release: The intentional or unintentional spilling, leaking, dumping, pouring, emptying, seeping, disposing, discharging, emitting, depositing, injecting, leaching, escaping, abandoning, or any other release or threatened release, however defined, of any Hazardous Materials.

Rent: Collectively, Base Rent and Additional Charges.

Replacement Cost: The actual replacement cost of a Leased Property. Replacement Cost shall be an amount sufficient that neither Lessor nor Lessee is deemed to be a co-insurer of the Leased Property in question. Lessor shall have the right from time to time, but no more frequently than once in any period of three (3) consecutive Lease Years, to have Replacement Cost reasonably redetermined by the all-risk property insurance company or another reputable appraisal service, which determination shall be final and binding on the parties hereto, and upon such determination Lessee shall forthwith increase, but not decrease, the amount of the insurance carried pursuant to Section 13.2.1 to the amount so determined, subject to the approval of any Facility Mortgagee. Lessee shall pay the fee, if any, of the insurer making such determination.

Repurchase Price: The total Base Rent remaining unpaid at the time of repurchase of the Realty (and the Leased Personal Property, if applicable), by the Lessee together with all accrued, unpaid Additional Charges.

SEC: Securities and Exchange Commission.

Skywalk: The elevated pedestrian bridge and support structure, connecting the Parking Structure to the Center over a portion of South Cincinnati Avenue and a portion of East First Street, Tulsa, Oklahoma, that is approximately twenty-seven (27) feet above the driving lanes of such streets, together with the air rights for the three (3) dimensional space within which it is suspended.

State: The State of Oklahoma.

Taken: Conveyed pursuant to a Taking.

Taking: A taking or voluntary conveyance during the Term of all or part of a Leased Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of any condemnation or other eminent domain Proceeding affecting the Leased Property whether or not the same shall have actually been commenced.

Terms: As defined in Section 1.3.

Termination Date: The date on which this Lease terminates pursuant to a Notice of Termination.

Third Party Claims: Any claim, action, demand or Proceeding (other than Regulatory Actions) howsoever based (including without limitation those based on negligence, trespass, strict liability, nuisance, toxic tort or detriment to health welfare or property) due to Contamination, whether or not the remedy sought is costs, damages, penalties or expenses, brought by any person or entity other than a governmental agency.

Transfer: The (a) assignment, mortgaging or other encumbering of all or any part of Lessee's interest in this Lease or in the Leased Properties, (b) Change in Control of Lessee, Guarantor or WCG, or (c) sale, issuance or transfer, cumulatively or in one transaction, of any interest, or the termination of any interest, in Lessee, Guarantor or WCG, if Lessee, Guarantor or WCG is a joint venture, partnership, limited liability company or other association, which results in a Change of Control of such joint venture, partnership, limited liability company or other association.

Transferee: An assignee, subtenant or other occupant of a Leased Property pursuant to a Transfer.

TWC: The Williams Companies, Inc., a Delaware corporation.

UCC: The Uniform Commercial Code as in effect in the State.

Unsuitable for Its Primary Intended Use: A state or condition of a Facility such that by reason of a Partial Taking, the Facility cannot be operated on a commercially practicable basis for its Primary Intended Use, taking into account, among other relevant factors, the number of usable square footage permitted by applicable law and regulation in the Facility after the Partial Taking, the square footage Taken and the estimated revenue impact of such Partial Taking.

WCG: Williams Communications Group, Inc., a Delaware corporation.

Withdrawal Liability: The liability to a multiemployer plan as a result of a complete or partial withdrawal from such multiemployer plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

ARTICLE III

RENT

3.1 BASE RENT; MONTHLY INSTALLMENTS. In addition to all other payments to be made by Lessee under this Lease, Lessee shall pay Lessor the Base Rent in lawful money of the United States of America which is legal tender for the payment of public and private debts, in arrears, in monthly installments. The first installment of Base Rent shall be payable on October 1, 2001, provided however, with respect to levels two (2) and three (3) of the Center, no Realty Base Rent shall be payable (provided however, such Realty Base Rent shall accrue) until both such levels are completed and ready for occupancy, which prorated amount of Realty Base Rent (2/15ths of each monthly installment of Realty Base Rent) shall be deducted from the total

Base Rent otherwise payable under this Lease. The Realty Base Rent Interest accruing up to and including the date upon which such levels are completed and ready for occupancy, shall be converted to Realty Base Rent Principal on a monthly basis. Thereafter, installments of Base Rent shall be payable on the first (1st) day of each calendar month. Base Rent shall be paid to Lessor, or to such other Person as Lessor from time to time may designate by Notice to Lessee, by check or wire transfer of immediately available federal funds to the bank account designated in writing by Lessor. If Lessor directs Lessee to pay any Base Rent or Additional Charges to any Person other than Lessor, Lessee shall send to Lessor simultaneously with such payment a copy of the transmittal letter or invoice and check whereby such payment is made, or such other evidence of such payment as Lessor may require.

3.2 ADDITIONAL CHARGES. In addition to the Base Rent, Lessee will also pay as and when due, all Additional Charges.

3.3 LATE CHARGE; INTEREST. If any Rent payable to Lessor is not paid when due, Lessee shall pay Lessor on demand, as an Additional Charge, (a) a late charge equal to the greater of (i) two percent (2%) of the amount not paid within five (5) days of the date when due and (ii) any and all charges, expenses, fees or penalties imposed on Lessor by a Facility Mortgagee for late payment, plus (b) if such Rent (including the late charge) is not paid within ten (10) days of the date due, interest thereon at the Overdue Rate from such tenth (10th) day until such Rent (including the late charge and interest) is paid in full.

3.4 NET LEASE.

3.4.1 Absolute Obligation. The Rent shall be paid absolutely net to Lessor, so that this Lease shall yield to Lessor the full amount of the Rent payable to Lessor hereunder throughout the Term, subject only to any provisions of the Lease which expressly provide for adjustment or abatement of Rent or other charges.

3.4.2 No Counterclaim or Cross Complaint. If Lessor commences any Proceeding for non-payment of Rent, Lessee will not interpose any counterclaim or cross complaint or similar pleading of any nature or description in such Proceeding unless Lessee would lose or waive such claim by the failure to assert it, but Lessee does not waive any rights to assert such claim in a separate action brought by Lessee. The covenants to pay Rent are independent covenants, and Lessee shall have no right to hold back, offset or fail to pay any Rent because of any alleged default by Lessor or for any other reason whatsoever.

ARTICLE IV

IMPOSITIONS

4.1 PAYMENT OF IMPOSITIONS. Subject to Article XII relating to permitted contests, Lessee will pay all Impositions at least twenty (20) days before any fine, penalty, interest or cost is added for non-payment, and will promptly, upon request, furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. If at the option

of the taxpayer any Imposition may lawfully be paid in installments, Lessee may pay the same in the required installments provided it also pays any and all interest due thereon as and when due.

4.2 ADJUSTMENT OF IMPOSITIONS. Impositions imposed in respect of the tax-fiscal period during which the Term ends shall be adjusted and prorated between Lessor and Lessee, whether or not imposed before or after the expiration of the Term or the earlier termination thereof, and Lessee's obligation to pay its prorated share thereof shall survive such expiration or earlier termination.

4.3 UTILITY CHARGES. Lessee will pay or cause to be paid when due all charges for electricity, power, gas, oil, water and other utilities imposed upon the Leased Properties or upon Lessor or Lessee with respect to the Leased Properties.

4.4 INSURANCE PREMIUMS. Lessee shall pay or cause to be paid when due all premiums for the insurance coverage required to be maintained pursuant to Article XIII during the Term.

4.5 TAX RETURNS AND REFUNDS Lessee shall prepare and file as and when required all tax returns and reports required by governmental authorities with respect to all Impositions. Lessor and Lessee shall each, upon request, provide the other with such data, including without limitation cost and depreciation records, as is maintained by the party to whom the request is made as is necessary to prepare any required returns and reports. If any provision of any Facility Mortgage requires deposits for payment of Impositions, Lessee shall either pay the required deposits to Lessor monthly and Lessor shall make the required deposits, or, if directed in writing to do so by Lessor, Lessee shall make such deposits directly. Lessee shall be entitled to receive and retain any refund from a taxing authority in respect of an Imposition paid by Lessee if at the time of the refund no Event of Default has occurred and is continuing, but if an Event of Default has occurred and is continuing at the time of the refund, Lessee shall not be entitled to receive or retain such refund and if and when received by Lessor such refund shall be applied as provided in Article XVI.

ARTICLE V

NO TERMINATION AND WAIVER

5.1 NO TERMINATION, ABATEMENT, ETC. Lessee shall not take any action without the consent of Lessor to modify, surrender or terminate this Lease, and shall not seek or be entitled to any abatement, deduction, deferment or reduction of Rent, or setoff against Rent. The respective obligations of Lessor and Lessee shall not be affected by reason of (i) any damage to, or destruction of, the Leased Properties or any portion thereof from whatever cause or any Taking of the Leased Properties or any portion thereof, except as expressly set forth herein; (ii) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Properties, or any portion thereof, or the interference with such use by any Person or by reason of eviction by paramount title; (iii) any claim which Lessee has or might have against Lessor or by reason of any default or breach of any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (iv) any bankruptcy,

insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other Proceeding affecting Lessor or any assignee or transferee of Lessor, or (v) any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (a) modify, surrender or terminate this Lease or quit or surrender the Leased Properties or any portion thereof, or (b) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder except as otherwise specifically provided in this Lease.

ARTICLE VI

LEASE CHARACTERIZATION

6.1 STATUS OF OWNERSHIP OF THE LEASED PROPERTIES. Lessor and Lessee agree that to the full extent permitted by applicable tax law and GAAP, for Lessee, this Lease shall be treated (i) as an operating lease for tax purposes, and (ii) as a capital lease for financial purposes. Notwithstanding anything contained in this Section 6.1 or anywhere else in this Lease to the contrary, Lessor, Lessee and Guarantor agree that it is their intention that this Lease be treated as a true lease for purposes of the UCC and other applicable laws of the State.

6.2 LEASED PERSONAL PROPERTY. Lessee shall, during the Term, maintain all of the Leased Personal Property in good order, condition and repair as shall be necessary in order to operate the Facilities for the Primary Intended Use in compliance with all applicable licensure and certification requirements, all applicable Legal Requirements and Insurance Requirements, and customary industry practice for the Primary Intended Use. If any of the Leased Personal Property requires replacement in order to comply with the foregoing, Lessee shall replace it with similar property of the same or better quality at Lessee's sole cost and expense, and when such replacement property is placed in service with respect to the Leased Properties it shall become Leased Personal Property. Lessee shall not permit or suffer Leased Personal Property to be subject to any lien, charge, Encumbrance, financing statement, contract of sale, equipment Lessor's interest or the like, except for any purchase money security interest or equipment Lessor's interest expressly approved in advance, in writing, by Lessor. Unless Lessee purchases the Leased Properties as provided in this Lease, upon the expiration or earlier termination of this Lease, all of Leased Personal Property shall be surrendered to Lessor with the Leased Properties at or before the time of the surrender of the Leased Properties in at least as good a condition as at the Commencement Date (or, as to replacements, in at least as good a condition as when placed in service at the Facilities) except for ordinary wear and tear.

6.3 LESSEE'S PERSONAL PROPERTY. Lessee shall provide and maintain during the Term such Personal Property, in addition to the Leased Personal Property, as shall be necessary and appropriate in order to operate the Facilities for the Primary Intended Use in compliance with all licensure and certification requirements, in compliance with all applicable Legal Requirements and Insurance Requirements and otherwise in accordance with customary practice in the industry for the Primary Intended Use. Without the prior written consent of Lessor, Lessee shall not permit or suffer Lessee's Personal Property to be subject to any lien, charge, Encumbrance, financing statement or contract of sale or the like. Unless Lessee

purchases the Leased Properties as provided in this Lease, upon the expiration of the Term or the earlier termination of this Lease, without the payment of any additional consideration by Lessor, Lessee shall be deemed to have sold, assigned, transferred and conveyed to Lessor all of Lessee's right, title and interest in and to any of Lessee's Personal Property that, in Lessor's reasonable judgment, is integral to the Primary Intended Use of the Facilities (or if some other use thereof has been approved by Lessor as required herein, such other use as is then being made by Lessee) and, as provided in Section 34.1, Lessor shall have the option to purchase any of Lessee's Personal Property that is not then integral to such use. Without Lessor's prior written consent, Lessee shall not remove Lessee's Personal Property that is in use at the expiration or earlier termination of the Term from the Leased Properties until such option to purchase has expired or been waived in writing by Lessor. Any of Lessee's Personal Property that is not integral to the use of the Facilities being made by Lessee and is not purchased by Lessor pursuant to Section 34.1 may be removed by Lessee upon the expiration or earlier termination of this Lease, and, if not removed within twenty (20) days following the expiration or earlier termination of this Lease, shall be considered abandoned by Lessee and may be appropriated, sold, destroyed or otherwise disposed of by Lessor without giving notice thereof to Lessee and without any payment to Lessee or any obligation to account therefor. Lessee shall reimburse Lessor for any and all expense incurred by Lessor in disposing of any of Lessee's Personal Property that Lessee may remove but within such twenty (20) day period fails to remove, and shall either at its own expense restore the Leased Properties to the condition required by Section 9.1.5, including repair of all damage to the Leased Properties caused by the removal of any of Lessee's Personal Property, or reimburse Lessor for any and all expense incurred by Lessor for such restoration and repair.

ARTICLE VII

CONDITION, USE AND ENVIRONMENTAL MATTERS

7.1 CONDITION OF THE LEASED PROPERTIES. Lessee acknowledges that it has inspected and otherwise has knowledge of the condition of the Leased Properties prior to the execution and delivery of this Lease and has found the same to be in good order and repair and satisfactory for its purposes hereunder. Lessee is leasing the Leased Properties "as is" in their condition on the Commencement Date. Lessee waives any claim or action against Lessor in respect of the condition of the Leased Properties. LESSOR MAKES NO WARRANTY OR REPRESENTATION EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTIES OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. Lessee further acknowledges that throughout the Term Lessee is solely responsible for the condition of the Leased Properties. Subject in all cases to the provisions of Section 3.4.2, nothing contained in this Agreement including without limitation, this Section 7, shall be deemed to inhibit, restrict or waive any independent rights Lessee may have under the Construction Completion Agreement.

7.2 USE OF THE LEASED PROPERTIES. Throughout the Term, Lessee shall continuously use the Leased Properties for the Primary Intended Use and uses incidental thereto. Lessee shall not use the Leased Properties or any portion thereof for any other use without the prior written consent of Lessor. No use shall be made or permitted to be made of, or allowed in, the Leased Properties, and no acts shall be done, which will cause the cancellation of, or be prohibited by, any insurance policy covering the Leased Properties or any part thereof, nor shall the Leased Properties or Lessee's Personal Property be used for any unlawful purpose. Lessee shall not commit or suffer to be committed any waste on the Leased Properties, or cause or permit any nuisance thereon, or suffer or permit the Leased Properties or any portion thereof, or Lessee's Personal Property, to be used in such a manner as (i) might reasonably tend to impair Lessor's (or Lessee's, as the case may be) title thereto or to any portion thereof, or (ii) may reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Properties or any portion thereof.

7.3 CERTAIN ENVIRONMENTAL MATTERS.

7.3.1 Prohibition Against Use of Hazardous Materials. Lessee shall not permit, conduct or allow on the Leased Properties, the generation, introduction, presence, maintenance, use, receipt, acceptance, treatment, manufacture, production, installation, management, storage, disposal or release of any Hazardous Materials except for those types and quantities of Hazardous Materials necessary for and ordinarily associated with the conduct of Lessee's business which are used in full compliance with all Environmental Laws.

7.3.2 Notice of Environmental Claims, Actions or Contaminations. Lessee shall notify Lessor, in writing, immediately upon learning of any existing, pending or threatened: (a) investigation, inquiry, claim or action by any governmental authority in connection with any Environmental Laws, (b) Third Party Claims, (c) Regulatory Actions, and/or (d) Contamination of any portion of the Leased Properties.

7.3.3 Costs of Remedial Actions with Respect to Environmental Matters. If any investigation and/or Clean-Up of any Hazardous Materials or other environmental condition on, under, about or with respect to a Leased Property is required by any Environmental Law, Lessee shall complete, at its own expense, such investigation and/or Clean-Up or cause any other Person that may be legally responsible therefore to complete such investigation and/or Clean-Up.

7.3.4 Delivery of Environmental Documents. Lessee shall deliver to Lessor complete copies of any and all Environmental Documents that may now be in or at any time hereafter come into the possession of Lessee.

7.3.5 Environmental Audit. At Lessee's expense, Lessee shall deliver to Lessor, an Environmental Audit from time to time, upon and within thirty (30) days of Lessor's request therefor, but no more than once every two (2) calendar years, except in the event of (i) any construction or excavation of, or material alteration to any portion of the Leased Properties, or (ii) Lessor reasonably suspects that Contamination of any portion of

the Leased Properties has occurred or been discovered, in either case Lessor may thereafter request an Environmental Audit. All tests and samplings shall be conducted using generally accepted and scientifically valid technology and methodologies. Lessee shall give the engineer or environmental consultant conducting the Environmental Audit reasonable and complete access to the Leased Properties and to all records in the possession of Lessee that may indicate the presence (whether current or past) of a Release or threatened Release of any Hazardous Materials on, in, under, about and adjacent to any Leased Property. Lessee shall also provide the engineer or environmental consultant full access to and the opportunity to interview such persons as may be employed in connection with the Leased Properties as the engineer or consultant deems appropriate. However, Lessor shall not be entitled to request an Environmental Audit from Lessee unless (a) after the Commencement Date there have been changes, modifications or additions to Environmental Laws as applied to or affecting any of the Leased Properties; (b) a significant change in the condition of any of the Leased Properties has occurred; (c) there are fewer than six (6) months remaining in the Term; or (d) Lessor has another good reason for requesting such certificate or certificates. If the Environmental Audit discloses the presence of Contamination or any noncompliance with Environmental Laws, Lessee shall immediately perform all of Lessee's obligations hereunder with respect to such Hazardous Materials or noncompliance.

7.3.6 Entry onto Leased Properties for Environmental Matters. If Lessee fails to provide an Environmental Audit as and when required by Section 7.3.5, in addition to Lessor's other remedies Lessee shall permit Lessor from time to time, by its employees, agents, contractors or representatives, to enter upon the Leased Properties for the purpose of conducting such Investigations as Lessor may desire, the expense of which shall promptly be paid or reimbursed by Lessee as an Additional Charge. Lessor, and its employees, agents, contractors, consultants and/or representatives, shall conduct any such Investigation in a manner which does not unreasonably interfere with Lessee's use of and operations on the Leased Properties (however, reasonable temporary interference with such use and operations is permissible if the investigation cannot otherwise be reasonably and inexpensively conducted). Other than in an emergency, Lessor shall provide Lessee with prior notice before entering any of the Leased Properties to conduct such Investigation, and shall provide copies of any reports or results to Lessee, and Lessee shall cooperate fully in such Investigation.

7.3.7 Environmental Matters Upon Termination of the Lease or Expiration of Term. Upon the expiration or earlier termination of the Term of this Lease, Lessee shall cause the Leased Properties to be delivered free of any and all Regulatory Actions and Third Party Claims and otherwise in compliance with all Environmental Laws with respect thereto, and in a manner and condition that is reasonably required to ensure that the then present use, operation, leasing, development, construction, alteration, refinancing or sale of the Leased Property shall not be restricted by any environmental condition existing as of the date of such expiration or earlier termination of the Term.

7.3.8 Compliance with Environmental Laws. Lessee shall comply with, and cause its agents, servants and employees, to comply with, and shall use reasonable efforts

to cause each occupant and user of any of the Leased Properties, and the agents, servants and employees of such occupants and users, to comply with each and every Environmental Law applicable to Lessee, the Leased Properties and each such occupant or user with respect to the Leased Properties. Specifically, but without limitation:

7.3.8.1 Maintenance of Licenses and Permits. Lessee shall obtain and maintain (and Lessee shall use reasonable efforts to cause each tenant, occupant and user to obtain and maintain) all permits, certificates, licenses and other consents and approvals required by any applicable Environmental Law from time to time with respect to Lessee, each and every part of the Leased Properties and/or the conduct of any business at a Facility or related thereto;

7.3.8.2 Contamination. Lessee shall not cause, suffer or permit any Contamination;

7.3.8.3 Clean-Up. If a Contamination occurs, the Lessee promptly shall Clean-Up and remove any Hazardous Materials or cause the Clean-Up and the removal of any Hazardous Materials and in any such case such Clean-Up and removal of the Hazardous Materials shall be effected to Lessor's reasonable satisfaction and in any event in strict compliance with and in accordance with the provisions of the applicable Environmental Laws;

7.3.8.4 Discharge of Lien. Within twenty (20) days of the date any lien is imposed against the Leased Properties or any part thereof under any Environmental Law, Lessee shall cause such lien to be discharged (by payment, by bond or otherwise to Lessor's absolute satisfaction);

7.3.8.5 Notification of Lessor. Within five (5) Business Days after receipt by Lessee of notice or discovery by Lessee of any fact or circumstance which might result in a breach or violation of any covenant or agreement, Lessee shall notify Lessor in writing of such fact or circumstance; and

7.3.8.6 Requests, Orders and Notices. Within five (5) Business Days after receipt of any request, order or other notice relating to the Leased Properties under any Environmental Law, Lessee shall forward a copy thereof to Lessor.

7.3.9 Environmental Related Remedies. In the event of a breach by Lessee beyond any applicable notice and/or grace period of its covenants with respect to environmental matters, Lessor may, in its sole discretion, do any one or more of the following (the exercise of one right or remedy hereunder not precluding the simultaneous or subsequent exercise of any other right or remedy hereunder):

7.3.9.1 Cause a Clean-Up. Cause the Clean-Up of any Hazardous Materials or other environmental condition on or under the Leased Properties, or both, at Lessee's cost and expense; or

7.3.9.2 Payment of Regulatory Damages. Pay on behalf of Lessee any damages, costs, fines or penalties imposed on Lessee or Lessor as a result of any Regulatory Actions; or

7.3.9.3 Payments to Discharge Liens. On behalf of Lessee, make any payment or perform any other act or cause any act to be performed which will prevent a lien in favor of any federal, state or local governmental authority from attaching to the Leased Properties or which will cause the discharge of any lien then attached to the Leased Properties; or

7.3.9.4 Payment of Third Party Damages. Pay, on behalf of Lessee, any damages, cost, fines or penalties imposed on Lessee as a result of any Third Party Claims; or

7.3.9.5 Demand of Payment. Demand that Lessee make immediate payment of all of the costs of such Clean-Up and/or exercise of the remedies set forth in this Section 7.3 incurred by Lessor and not theretofore paid by Lessee as of the date of such demand.

7.3.10 Environmental Indemnification. Lessee and Guarantor shall and do hereby indemnify, and shall defend and hold harmless Lessor, its principals, Officers, directors, agents, employees, parents, and Affiliates from each and every incurred and potential claim, cause of action, damage, demand, obligation, fine, laboratory fee, liability, loss, penalty, imposition settlement, levy, lien removal, litigation, judgment, Proceeding, disbursement, expense and/or cost (including without limitation the cost of each and every Clean-Up), however defined and of whatever kind or nature, known or unknown, foreseeable or unforeseeable, contingent, incidental, consequential or otherwise (including, but not limited to, attorneys' fees, consultants' fees, experts' fees and related expenses, capital, operating and maintenance costs, incurred in connection with (i) any Investigation or monitoring of site conditions, (ii) any amounts paid or advanced by Lessor on behalf of Lessee as set forth in this Article 7, and (iii) any Clean-Up required or performed by any federal, state or local governmental entity or performed by any other entity or person because of the presence of any Hazardous Materials, Release, threatened Release or any Contamination on, in, under or about any of the Leased Properties) which may be asserted against, imposed on, suffered or incurred by, each and every indemnitee arising out of or in any way related to, or allegedly arising out of or due to any environmental matter including, but not limited to, any one or more of the following:

7.3.10.1 Release Damage or Liability. The presence of Contamination in, on, at, under, or near a Leased Property or migrating to a Leased Property from another location;

7.3.10.2 Injuries. All injuries to health or safety (including wrongful death), or to the environment, by reason of environmental matters relating to the condition of or activities past or present on, at, in, under a Leased Property;

7.3.10.3 Violations of Law. All violations, and alleged violations, of any Environmental Law relating to a Leased Property or any activity on, in, at, under or near a Leased Property;

7.3.10.4 Misrepresentation. All material misrepresentations relating to environmental matters in any documents or materials furnished by Lessee to Lessor and/or its representatives in connection with the Lease;

7.3.10.5 Event of Default. Each and every Event of Default relating to environmental matters;

7.3.10.6 Lawsuits. Any and all lawsuits brought or threatened, settlements reached and governmental orders relating to any Hazardous Materials at, on, in, under or near a Leased Property, and all demands of governmental authorities, and all policies and requirements of Lessor's, based upon or in any way related to any Hazardous Materials at, on, in, under a Leased Property; and

7.3.10.7 Presence of Liens. All liens imposed upon any of the Leased Properties in favor of any governmental entity or any person as a result of the presence, disposal, release or threat of release of Hazardous Materials at, on, in, from, or under a Leased Property.

7.3.11 Rights Cumulative and Survival. The rights granted Lessor under this Section 7.3 are in addition to and not in limitation of any other rights or remedies available to Lessor hereunder or allowed at law or in equity or rights of indemnification provided to Lessor in any agreement pursuant to which Lessor purchased any of the Leased Properties. The payment and indemnification obligations set forth in this Section 7.3 shall survive the expiration or earlier termination of the Term of this Lease.

ARTICLE VIII

LEGAL AND INSURANCE REQUIREMENTS; ADDITIONAL COVENANTS

8.1 COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS. In its use, maintenance, operation and any alteration of the Leased Properties, Lessee, at its expense, will promptly (i) comply with all Legal Requirements and Insurance Requirements, whether or not compliance therewith requires structural changes in any of the Leased Improvements (which structural changes shall be subject to Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed) or interferes with or prevents the use and enjoyment of the Leased Properties, and (ii) procure, maintain and comply with all licenses, and other authorizations required for the use of the Leased Properties and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Leased Properties or any part thereof. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or Proceeding against Lessee, whether or not Lessor is a party thereto, that Lessee has violated any such Legal Requirements or Insurance Requirements shall be conclusive of that fact as between Lessor and Lessee.

8.2 CERTAIN COVENANTS.

8.2.1 Existence; Conduct of Business. Lessee, Guarantor, and WCG each will (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

8.2.2 Payment of Obligations. Lessee, Guarantor and WCG each (i) will pay its Debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate legal process, (b) has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Encumbrance securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

8.2.3 Maintenance of Properties. Lessee, Guarantor, and WCG each will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

8.2.4 Insurance. Lessee, Guarantor, and WCG each will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

8.2.5 Casualty and Condemnation. The Lessee will furnish to Lessor prompt written notice of any casualty or other insured damage to any portion of any of Guarantor's property or assets or the commencement of any action or Proceeding for the taking of any of Guarantor's property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar Proceeding (in each case with a value in excess of $10,000,000).

8.2.6 Books and Records; Inspection and Audit Rights. Lessee, Guarantor, and WCG each will keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Lessee, Guarantor, and WCG each will permit any representatives designated by the Lessor at the expense of Lessor, or, if an Event of Default shall have occurred and be continuing, at the expense of the Lessee, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

8.2.7 Compliance with Laws. Lessee, Guarantor, and WCG each will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

8.2.8 Further Assurances. At any time and from time to time, Lessee and Guarantor each will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Lessor may reasonably request, to effectuate the transactions contemplated by this Lease or to grant, preserve, protect or perfect the Encumbrances created or intended to be created in connection with this Lease or any of the other documents contemplated herein, required to be in effect or the validity or priority of any such Encumbrance, all at the expense of Lessee and Guarantor. Lessee and Guarantor also agree to provide to Lessor, from time to time upon request, evidence reasonably satisfactory to Lessor as to the perfection and priority of the Encumbrance created or intended to be created in connection with this Lease or any of the other documents contemplated herein.

8.3 CERTAIN NEGATIVE COVENANTS.

8.3.1 No Other Debt. Lessee shall not, directly or indirectly, incur or otherwise become liable for any Debt or obligation to pay money to any Person other than to (i) Lessor pursuant to this Lease and (ii) lessors of leased equipment used in the operation of the Facilities.

8.3.2 Limitation of Distributions. In or with respect to any Lease Year, Lessee shall not pay or distribute to its shareholders or any Affiliate in the form of dividends, fees for any services or reimbursements for shareholder expenditures or overhead on behalf of Lessee or to its Affiliates.

8.3.3 Pledge or Encumber Assets. Lessee shall not pledge or otherwise encumber any of its assets, other than leased equipment used in the operation of the Facilities and liens on assets permitted under Section 11.1.

8.3.4 Guarantees Prohibited. Lessee shall not guarantee any indebtedness of any Person (other than the guarantee of the indebtedness under the Credit Agreement).

8.3.5 Encumbrances. Neither Lessee nor Guarantor will create, incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except for any Permitted Encumbrances or Encumbrances created in connection with or specifically contemplated by this Lease or permitted by the Credit Agreement.

8.3.6 Fundamental Changes. Neither Lessee, Guarantor nor WCG will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing (i) any Person may merge into the Lessee in a transaction in which the Lessee is the surviving entity, provided that any such merger involving a Person that is not wholly owned by either Guarantor or WCG immediately prior to such merger shall not be permitted, and (ii) any person may merge into the Guarantor or WCG in a transaction in which the Guarantor or WCG, respectively, is the surviving corporation.

8.3.7 Other Material Agreements. Lessee shall not (i) enter into any other material agreement relating to any portion of the Leased Properties, or (ii) if entered into with Lessor's consent, thereafter, amend, modify, renew, replace or otherwise change the terms of any such material agreement without the prior written consent of Lessor. For purposes of this Section 8.3.7, a "material agreement" shall mean any agreement or commitment which requires total payments by Lessee in excess of $1,500,000.00, or accumulated annual payments in excess of $500,000.00.

8.4 ADDITIONAL FINANCIAL COVENANTS.

8.4.1 Certain Definitions. For purposes of this Section 8.4.1, capitalized terms not otherwise specifically defined in this Lease, shall have the meanings

described for such capitalized terms as contained in the Credit Agreement (and capitalized terms contained within such definitions as set forth in the Credit Agreement shall similarly have the meanings described for such capitalized terms therein). Lessee shall provide copies of any amendments or restatements or waivers to the Credit Agreement to Lessor within five (5) days of execution thereof. Such amendments or restatements or waivers shall automatically become a part hereof.

8.4.2 Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

8.4.3 Minimum EBITDA. The amount equal to (i) EBITDA for the period of four (4) fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
APRIL 1, 2001-JUNE 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

8.4.4 Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

8.4.5 Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

8.4.6 Interest Coverage Ratio . The Interest Coverage Ratio for any period of four (4) consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

ARTICLE IX

MAINTENANCE

9.1 MAINTENANCE AND REPAIR.

9.1.1 Status and Quality. Lessee, at its expense, will keep or cause to be kept, the Leased Properties, and all landscaping, private roadways, sidewalks and curbs appurtenant thereto which are under Lessee's control and Lessee's Personal Property in good order and repair, whether or not the need for such repairs arises out of Lessee's use, any prior use, the elements or the age of the Leased Properties or any portion thereof, or any cause whatsoever except the act or negligence of Lessor, and with reasonable promptness shall make all necessary and appropriate repairs thereto of every kind and nature, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the Commencement Date (concealed or otherwise). Lessee shall at all times maintain, operate and otherwise manage the Leased Properties on a basis and in a manner consistent with the higher of that (i) customarily applied to Class A commercial office buildings in the vicinity of the City of Tulsa, Oklahoma, or (ii) utilized by Lessor in the management of Lessor's facilities adjacent to the Center. All repairs shall, to the extent reasonably achievable, be at least equivalent in quality to the original work or the property to be repaired shall be replaced. Lessee will not take or omit to take any action the taking or omission of which might materially impair the value or the usefulness of the Leased Properties or any parts thereof for the Primary Intended Use.

9.1.2 No Liability of Lessor. Lessor shall not under any circumstances be required to maintain, build or rebuild any improvements on the Leased Properties (or any private roadways, sidewalks or curbs appurtenant thereto), or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to the Leased Properties, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or upon any adjoining property, whether to provide lateral or other support or abate a nuisance, or otherwise, or to make any expenditure whatsoever with respect thereto, in connection with this Lease. Lessee hereby waives, to the extent permitted by law, the right to make repairs at the expense of Lessor pursuant to any law in effect at the time of the execution of this Lease or hereafter enacted.

9.1.3 Contracting with Third Parties. Nothing contained in this Lease shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialmen or vendor to or for the

performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to any Leased Property or any part thereof, or (ii) giving Lessee any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for any right, title, interest, lien, claim or other Encumbrance upon the estate of Lessor in the Leased Properties, or any portion thereof. Lessor shall have the right to give, record and post, as appropriate, notices of non-responsibility under any mechanics' and construction lien laws now or hereafter existing.

9.1.4 Replacements. Lessee (i) shall promptly replace any of the Leased Improvements or Leased Personal Property which become worn out, obsolete or unusable or unavailable for the purpose for which intended, and (ii) in Lessee's reasonable judgment, may acquire a substitute for any item or items of Leased Personal Property which is of higher or better quality, performance or function than the item for which it is substituted. All replacements shall have a value and utility at least equal to that of the items replaced and shall become part of the Leased Properties immediately upon their acquisition by Lessee. Upon Lessor's request, Lessee shall promptly execute and deliver to Lessor a bill of sale or other instrument establishing Lessor's lien-free ownership of such replacements. Lessee shall promptly repair all damage to the Leased Properties incurred in the course of such replacement.

9.1.5 Vacation and Surrender. Lessee will, upon the expiration or prior termination of the Term, vacate and surrender the Leased Properties to Lessor in the condition in which they were originally received from Lessor, in good operating condition, ordinary wear and tear excepted, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Lease.

9.2 ENCROACHMENTS; RESTRICTIONS. ETC. If, at any time, any of the Leased Improvements are alleged to encroach upon any property, street or right of way adjacent to a Leased Property, or to violate any restrictive covenant, or to impair the rights of others under any easement or right of way, Lessee shall promptly settle such allegations or take such other lawful action as may be necessary in order to be able to continue the use of a Leased Property for the Primary Intended Use substantially in the manner and to the extent such Leased Property was being used at the time of the assertion of such violation, impairment or encroachment, provided, however, that no such action shall violate any other provision of this Lease and any alteration of a Leased Property must be made in conformity with the applicable requirements of Article X. Lessee shall not have any claim against Lessor or offset against any of Lessee's obligations under this lease with respect to any such violation, impairment or encroachment.

ARTICLE X

ALTERATIONS AND ADDITIONS

10.1 Construction of Alterations and Additions to the Leased Properties. Lessee shall not (a) make or permit to be made any structural alterations, improvements or additions

of or to the Leased Properties or any part thereof, or (b) materially alter the plumbing, HVAC or electrical systems thereon or (c) make any other alterations, improvements or additions the cost of which exceeds (i) Two Hundred Thousand Dollars ($200,000.00), per alteration, improvement or addition, or (ii) One Million Dollars ($1,000,000.00), in any Lease Year, unless and until Lessee has (d) caused complete plans and specifications therefor to have been prepared by a licensed architect and submitted to Lessor at least ninety (90) Business Days before the planned start of construction thereof, (e) obtained Lessor's written approval thereof and if required, the approval of any Facility Mortgagee, and (f) if required to do so by Lessor, provided Lessor with reasonable assurance of the payment of the cost of any such alterations, improvements or additions, in the form of a bond, letter of credit or cash deposit. If Lessor requires a deposit, Lessor shall retain and disburse the amount deposited in the same manner as is provided for insurance proceeds in Section 14.6. If the deposit is reasonably determined by Lessor at any time to be insufficient for the completion of the alteration, improvement or addition, Lessee shall immediately increase the deposit to the amount reasonably required by Lessor. Lessee shall be responsible for the completion of such improvements in accordance with the plans and specifications approved by Lessor, and shall promptly correct any failure with respect thereto.

10.1.1 Lessor's Approval Not Required. Alterations and improvements not falling within the categories described in Section 10.1 may be made by Lessee without the prior approval of Lessor, (i) but only in the event any such alternatives or improvements do not result in a material reduction in Lessor's opinion, in the value of the Leased Properties, and (ii) Lessee shall give Lessor at least thirty (30) days prior written Notice of any such alterations and improvements in each and every case.

10.1.2 Quality of Work. All alterations, improvements and additions shall be constructed in a first class, workmanlike manner, in compliance with all Insurance Requirements and Legal Requirements, be in keeping with the character of the Leased Properties and the area in which the Leased Properties are located and be designed and constructed so that the value of the Leased Properties will not be diminished or and that the Primary Intended Use of the Leased Properties will not be changed. All improvements, alterations and additions shall immediately become a part of the Leased Properties.

10.1.3 No Claim Against Lessor. Lessee shall have no claim against Lessor at any time in respect of the cost or value of any such improvement, alteration or addition. There shall be no adjustment in the Rent by reason of any such improvement, alteration or addition. With Lessor's consent, expenditures made by Lessee pursuant to this Article X may be included as capital expenditures for purposes of inclusion in the capital expenditures budget for the Facilities and for measuring compliance with the obligations of Lessee set forth in Section 8.2.

10.1.4 Asbestos - Containing Material. In connection with any alteration which involves the removal, demolition or disturbance of any asbestos-containing material, Lessee shall cause to be prepared at its expense a full asbestos assessment applicable to such alteration, and shall carry out such asbestos monitoring and maintenance program as shall reasonably be required thereafter in light of the results of such a assessment.

ARTICLE XI

LIENS

11.1 LIENS. Without the consent of Lessor or as expressly permitted elsewhere herein, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, Encumbrance, attachment, title retention agreement or claim upon the Leased Properties, and any attachment, levy, claim or Encumbrance in respect of the Rent, except for (i) Permitted Encumbrances, (ii) liens of mechanics, laborers, materialmen, suppliers or vendors for sums not yet due, and (iii) liens created by the wrongful acts or negligence of Lessor.

ARTICLE XII

PERMITTED CONTESTS AND DEPOSITS

12.1 PERMITTED CONTESTS. Lessee, on its own or on Lessor's behalf (or in Lessor's name), but at Lessee's sole cost and expense, shall have the right to contest, by an appropriate legal Proceeding conducted in good faith and with due diligence, the amount or validity of any Imposition, Legal Requirement or Insurance Requirement or Claim, provided (a) prior Notice of such contest is given to Lessor, (b) the Leased Properties would not be in any danger of being sold, uninsured or underinsured, forfeited or attached as a result of such contest, and there is no risk to Lessor of a loss of or interruption in the payment of, Rent, (c) in the case of an unpaid Imposition or Claim, collection thereof is suspended during the pendency of such contest, (d) in the case of a contest of a Legal Requirement, compliance may legally be delayed pending such contest. Upon request of Lessor, Lessee shall deposit funds or assure Lessor in some other manner reasonably satisfactory to Lessor that a contested Imposition or Claim, together with interest and penalties, if any, thereon, and any and all costs for which Lessee is responsible will be paid if and when required upon the conclusion of such contest. Lessee shall defend, indemnify and save harmless Lessor from all costs or expenses arising out of or in connection with any such contest, including but not limited to attorneys' fees. If at any time Lessor reasonably determines that payment of any Imposition or Claim, or compliance with any Legal or Insurance Requirement being contested by Lessee is necessary in order to prevent loss of any of the Leased Properties or Rent or civil or criminal penalties or other damage, upon such prior Notice to Lessee as is reasonable in the circumstances Lessor may pay such amount, require Lessee to comply with such Legal or Insurance Requirement or take such other action as it may deem necessary to prevent such loss or damage. If reasonably necessary, upon Lessee's written request Lessor, at Lessee's expense, shall cooperate with Lessee in a permitted contest, provided Lessee upon demand reimburses Lessor for Lessor's costs incurred in cooperating with Lessee in such contest.

ARTICLE XIII

INSURANCE

13.1 GENERAL INSURANCE REQUIREMENTS. Lessee will carry or cause to be carried and maintained in force throughout the entire Term (except as specifically noted to the contrary) insurance as described in Sections 13.1.1 through 13.1.5, with insurance companies

and deductibles/retentions reasonably acceptable to Lessor. The limits set forth below are minimum limits and will not be construed to limit Lessee's liability. All costs and deductible amounts will be for the sole account of the Lessee.

13.1.1 Worker's Compensation Insurance. Workers' compensation insurance complying with the laws of the State or States having jurisdiction over each employee, whether or not Lessee is required by such laws to maintain such insurance, and Employer's Liability with limits of $1,000,000 each accident, $1,000,000 disease each employee, and $1,000,000 disease policy limit, provided however, in lieu of such insurance, Lessee may become a qualified self insured for such coverage, in which event such coverage shall not be required unless Lessee loses its status as a qualified self insured.

13.1.2 Commercial General Liability Insurance. Commercial or Comprehensive general liability insurance on an occurrence form with a combined single limit of $1,000,000 each occurrence, and annual aggregates of $1,000,000, for bodily injury and property damage, including coverage for premises-operations, blanket contractual liability, broad form property damage, personal injury liability, independent contractors, products/completed operations, sudden and accidental pollution and explosion, collapse and underground.

13.1.3 Automobile Liability. Automobile Liability insurance with a combined single limit of $1,000,000 each occurrence for bodily injury and property damage to include coverage for all owned, non-owned, and hired vehicles.

13.1.4 Excess Liability Insurance. Excess or Umbrella Liability insurance with a combined single limit of $25,000,000 each occurrence, and annual aggregates of $25,000,000, for bodily injury and property damage covering excess of Employer's Liability and the insurance described in 13.1.2 and 13.1.3 above.

13.1.5 Property Insurance. From and after the date upon which Lessor is no longer responsible to carry such coverage under the Construction Completion Agreement, All-Risk Property insurance providing for the full replacement cost of all property located in or on the Leased Properties, including Leased Personal Property and Lessee's Personal Property. This policy shall include coverage for earthquake, flood, and windstorm. The policy shall also include business interruption insurance, if due to a covered loss, covering the Base Rent due Lessor for a period of no less than twelve (12) months. Lessor will be the sole loss payee as required by Article XIV. So long as no Event of Default is then in existence, Lessor shall make available to Lessee, any proceeds of business interruption insurance remaining after the payment of all accrued Rent, within thirty (30) days of Lessor's actual receipt of such proceeds, in good funds.

13.1.6 Status of Insurance Company. Irrespective of the insurance requirements above, the insolvency, bankruptcy, or failure of any such insurance company providing insurance for Lessee, or the failure of any such insurance company to pay claims that occur will not be held to waive any of the provisions hereof.

13.1.7 Waiver of Subrogation. In each of the above described policies, Lessee agrees to waive and will require its insurers to waive any rights of subrogation or recovery they may have against Lessor, its parent, subsidiary or affiliated companies. Lessor will have no liability to Lessee for any damage or destruction of any portion of the Leased Properties or any of Lessee's Personal Property.

13.1.8 Additional Insureds. Under the insurance policies described hereinabove (except in Section 13.1.1), Lessor, its parent, subsidiary and Affiliates and will be named as additional insureds with respect to the policies listed in Section 13.1.2 through 13.1.4, and as sole loss payees with respect to the policy listed in Section 13.1.5 as their interests appear. This insurance will be primary over any other insurance maintained by Lessor, its parent, subsidiary or Affiliates. All policies shall provide a severability of interests clause.

13.1.9 Non-Renewal. Non-renewal or cancellation of policies described above, will be effective only after written notice is received by Lessor from the insurance company sixty (60) days in advance of any such non-renewal or cancellation. Prior to commencing the Lease hereunder, Lessee will deliver to Lessor certificates of insurance evidencing the existence of the insurance and endorsements required above.

13.1.10 Original or Certified Copies. In the event of a loss or claim arising out of or in connection with this contract, Lessee agrees, upon request of Lessor, to submit the original or a certified copy of its insurance policies for inspection by Lessor.

13.2 PREMIUM DEPOSITS. If any provision of a Facility Mortgage requires deposits of premiums for insurance to be made with the Facility Mortgagee, Lessee shall pay to Lessor monthly the amounts required and Lessor shall transfer such amounts to the Facility Mortgagee, unless, pursuant to written direction by Lessor, Lessee makes such deposits directly with the Facility Mortgagee.

13.3 INCREASE IN LIMITS. If from time to time Lessor determines, in the exercise of its reasonable business judgment, that the limits of the personal injury or property damage - public liability insurance then being carried are insufficient, upon Notice from Lessor Lessee shall cause such limits to be increased to the level specified in such Notice until further increase pursuant to the provisions of this Section.

13.4 BLANKET POLICY. Any insurance required by this Lease may be provided by so called blanket policies of insurance carried by Lessee, provided, however, that the coverage afforded Lessor thereby may not thereby be less than or materially different from that which would be provided by a separate policies meeting the requirements of this Lease, and provided further that such policies meet the requirements of all Facility Mortgages.

13.5 COPIES OF POLICIES; CERTIFICATES. Copies of the policies of insurance required by this Lease and certificates thereof shall be delivered to Lessor not less than thirty (30) days prior to their effective date (and, with respect to any renewal policy, not less than twenty (20) days prior to the expiration of the existing policy), and in the event of the failure of Lessee either to carry the required insurance or pay the premiums therefor, or to deliver copies of policies or certificates to Lessor as required, Lessor shall be entitled, but shall have

no obligation, to obtain such insurance and pay the premiums therefor when due, which premiums shall be repayable to Lessor upon written demand therefor as Additional Charges.

ARTICLE XIV

DISBURSEMENT OF INSURANCE PROCEEDS

14.1 INSURANCE PROCEEDS. Net Proceeds shall be paid to Lessor and held, disbursed or retained by Lessor as provided herein.

14.1.1 Proceeds of All-Risk Property Insurance. If the Net Proceeds are less than the Approval Threshold, and no Event of Default has occurred and is continuing, Lessor shall pay the Net Proceeds to Lessee promptly upon Lessee's completion of the restoration of the damaged or destroyed Leased Property. If the Net Proceeds equal or exceed the Approval Threshold, and no Event of Default has occurred and is continuing, the Net Proceeds shall be made available for restoration or repair as provided in Section 14.6. Within fifteen (15) days of the receipt of the Net Proceeds of All-Risk Insurance, Lessor shall determine in its reasonable judgment, as to the portion thereof, if any, attributable to the Lessee's Personal Property that Lessee is not required and does not elect to restore or replace, and the portion so determined attributable to the Lessee's Personal Property that Lessee is not required and does not elect to restore or replace shall be paid to Lessee.

14.2 RESTORATION IN THE EVENT OF DAMAGE OR DESTRUCTION. If all or any portion of the Leased Properties is damaged by fire or other casualty, Lessee shall (a) give Lessor Notice of such damage or destruction within five (5) Business Days of the occurrence thereof, (b) within thirty (30) Business Days of the occurrence commence the restoration of the Leased Properties and (c) thereafter diligently proceed to complete such restoration to substantially the same (or better) condition as the Leased Properties were in immediately prior to the damage or destruction as quickly as is reasonably possible, but in any event within one hundred eighty (180) days of the occurrence. Regardless of the anticipated cost thereof, if the restoration of a Leased Property requires any modification of structural elements, prior to commencing such modification Lessee shall obtain Lessor's written approval of the plans and specifications therefor.

14.3 RESTORATION OF LESSEE'S PROPERTY. If Lessee is required to restore the Leased Properties, Lessee shall also concurrently restore any of Lessee's Personal Property that is integral to the Primary Intended Use of the Leased Properties at the time of the damage or destruction.

14.4 NO ABATEMENT OF RENT. Absent termination of this Lease as provided herein, there shall be no abatement of Rent by reason of any damage to or the partial or total destruction of any portion of the Leased Properties.

14.5 WAIVER. Except as provided elsewhere in this Lease, Lessee hereby waives any statutory or common law rights of termination which may arise by reason of any damage to or destruction of the Leased Properties.

14.6 DISBURSEMENT OF INSURANCE PROCEEDS EQUAL TO OR GREATER THAN THE APPROVAL THRESHOLD. If Lessee restores or repairs the Leased Properties pursuant to this Article XIV, and if the Net Proceeds equal or exceed the Approval Threshold, the restoration or repair and disbursement of funds to Lessee shall be in accordance with the following procedures:

14.6.1 Plans and Specifications. The restoration or repair work shall be done pursuant to plans and specifications approved by Lessor and a certified construction cost statement, to be obtained by Lessee from a contractor reasonably acceptable to Lessor, showing the total cost of the restoration or repair; to the extent the cost exceeds the Net Proceeds, Lessee shall deposit with Lessor the amount of the excess cost, and Lessor shall disburse the funds so deposited in payment of the costs of restoration or repair before any disbursement of Net Proceeds.

14.6.2 Construction Funds. Construction Funds shall be made available to Lessee upon request, no more frequently than monthly, as the restoration and repair work progresses, subject to a ten (10%) percent holdback, pursuant to certificates of an architect selected by Lessee that, in the judgment of Lessor, reasonably exercised, is highly qualified in the design and construction of the type of Facility being repaired and is otherwise reasonably acceptable to Lessor, which certificates must be in form and substance reasonably acceptable to Lessor.

14.6.3 Lien Waivers. After the first disbursement to Lessee, sworn statements and lien waivers in an amount at least equal to the amount of Construction Funds previously paid to Lessee shall be delivered to Lessor from all contractors, subcontractors and material suppliers covering all labor and materials furnished through the date of the previous disbursement.

14.6.4 Progress of Work. Lessee shall deliver to Lessor such other evidence as Lessor may reasonably request from time to time during the course of the restoration and repair, as to the progress of the work, compliance with the approved plans and specifications, the cost of restoration and repair and the total amount needed to complete the restoration and repair, and showing that there are no liens against the Leased Properties arising in connection with the restoration and repair and that the cost of the restoration and repair at least equals the total amount of Construction Funds then disbursed to Lessee hereunder.

14.6.5 Inadequacy of Construction Funds. If the Construction Funds are at any time determined by Lessor to be inadequate for payment in full of all labor and materials for the restoration and repair, Lessee shall immediately pay the amount of the deficiency to Lessor to be held and disbursed as Construction Funds prior to the disbursement of any other Construction Funds then held by Lessor.

14.6.6 Disbursement. The Construction Funds may be disbursed by Lessor to Lessee or to the persons entitled to receive payment thereof from Lessee, and such disbursement in either case may be made directly or through a third party escrow agent, such as, but not limited to, a title insurance company, or its agent, all as Lessor may determine in its sole discretion. Provided Lessee is not in default hereunder, any

excess Construction Funds shall be paid to Lessee upon completion of the restoration or repair.

14.6.7 Lessee Default. If Lessee at any time fails to promptly and fully perform the conditions and covenants set out hereinabove in this Section 14.6, and the failure is not corrected within ten (10) days of written Notice thereof, or if during the restoration or repair an Event of Default occurs hereunder, Lessor may, at its option, immediately cease making any further payments to Lessee for the restoration and repair.

14.6.8 Lessor Reimbursement. Lessor may reimburse itself out of the Construction Funds for its reasonable expenses incurred in administering the Construction Funds and inspecting the restoration and repair work, including without limitation attorneys' and other professional fees and escrow fees and expenses.

14.7 NET PROCEEDS PAID TO FACILITY MORTGAGEE. Notwithstanding anything herein to the contrary, if any Facility Mortgagee is entitled to any Net Proceeds, or any portion thereof, under the terms of any Facility Mortgage, the Net Proceeds shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. Lessor shall make commercially reasonable efforts to cause the Net Proceeds to be applied to the restoration of the Leased Properties.

14.8 TERMINATION OF LEASE. Notwithstanding anything herein to the contrary, in the event the amount of the Net Proceeds from any one (1) occurrence, (i) exceeds $80,000,000.00, or (ii) exceeds $20,000,000.00 during the final two (2) years of the Realty Term, Lessor may exercise its option to require Lessee to purchase the Leased Properties as set forth in Section 42.2.

ARTICLE XV

CONDEMNATION

15.1 TOTAL TAKING OR OTHER TAKING WITH EITHER LEASED PROPERTY RENDERED UNSUITABLE FOR ITS PRIMARY INTENDED USE. If title to the fee of the whole of a Leased Property is Taken, this Lease shall cease and terminate as to the Leased Property Taken as of the Date of Taking by the Condemnor and Rent shall be apportioned as of the termination date, provided, however, that if the Award to Lessor is less than the Repurchase Price for such Leased Property at the time of such Award, it shall be a condition precedent to the termination of this Lease as to such Leased Property that Lessee pay the amount of the deficiency to Lessor. If title to the fee of less than the whole of a Leased Property is Taken, but such Leased Property is thereby rendered Unsuitable for Its Primary Intended Use, Lessee and Lessor shall each have the option by written Notice to the other, at any time prior to the taking of possession by, or the date of vesting of title in, the Condemnor, whichever first occurs, to terminate this Lease with respect to such Leased Property as of the date so determined, in which event this Lease shall thereupon so cease and terminate as of the earlier of the date specified in such Notice or the date on which possession is taken by the Condemnor. If this Lease is so terminated as to a Leased Property, Rent shall be apportioned as of the termination date, and Lessee shall be deemed to have elected to purchase such Leased Property for the Repurchase Price therefor. Lessee shall complete the

purchase within forty-five (45) days of the Taking, and Lessee shall receive credit against such Repurchase Price for any portion of the Award received by Lessor.

15.2 ALLOCATION OF AWARD. The total Award made with respect to all or any portion of a Leased Property or for loss of Rent, or for loss of business, shall be solely the property of and payable to Lessor. Nothing contained in this Lease will be deemed to create any additional interest in Lessee, or entitle Lessee to any payment based on the value of the unexpired term or so-called "bonus value" to Lessee of this Lease. Any Award made for the taking of Lessee's Personal Property that is not integral to the Primary Intended Use of the Facilities, or for removal and relocation expenses of Lessee in any such Proceeding shall be payable to Lessee. Any Award made for the taking of Lessee's Personal Property that is integral to the Primary Intended Use of the Facilities shall be payable to Lessor. In any Proceeding with respect to an Award, Lessor and Lessee shall each seek its own Award in conformity herewith, at its own expense. Notwithstanding the foregoing, Lessee may pursue a claim for loss of its business, provided that under the laws of the State, such claim will not diminish the Award to Lessor.

15.3 PARTIAL TAKING. In the event of a Partial Taking, and Lessee, at its own cost and expense, shall within sixty (60) days of the taking of possession by, or the date of vesting of title in, the Condemnor, whichever first occurs/date on which such Notice is given commence the restoration of the Leased Premises to a complete architectural unit of the same general character and condition (as nearly as may be possible under the circumstances) as existed immediately prior to the Partial Taking, and complete such restoration with all reasonable dispatch, but in any event within one hundred eighty (180) days of the date on which such Notice is given. Lessor shall contribute to the cost of restoration only such portion of the Award as is made therefor. As long as no Event of Default has occurred and is continuing, if such portion of the Award is in an amount less than the Approval Threshold, Lessor shall pay the same to Lessee upon completion of such restoration. As long as no Event of Default has occurred and is continuing, if such portion of the Award is in an amount equal to or greater than the Approval Threshold, Lessor shall make such portion of the Award available to Lessee in the manner provided in Section 14.6 with respect to Net Proceeds in excess of the Approval Threshold.

15.4 TEMPORARY TAKING. If there is a Taking of possession or the use of all or part of a Leased Property, but the fee of such Leased Property is not Taken in whole or in part, until such Taking of possession or use continues for more than six (6) months, all the provisions of this Lease shall remain in full force and effect and the entire amount of any Award made for such Taking shall be paid to Lessee provided there is then no Event of Default. Upon the termination of any such period of temporary use or occupancy, Lessee at its sole cost and expense shall restore the affected Leased Property, as nearly as may be reasonably possible, to the condition existing immediately prior to such Taking. If any temporary Taking continues for longer than six (6) months, and fifty percent (50%) or more of any Leased Property is thereby rendered Unsuitable for Its Primary Use, this Lease shall cease and terminate as to the affected Leased Property as of the last day of the sixth (6th) month, but if less than fifty percent (50%) of such Facility is thereby rendered Unsuitable for Its Primary Use, Lessee and Lessor shall each have the option by at least sixty (60) day's prior written Notice to the other, at any time prior to the end of the temporary taking, to terminate this Lease as to the affected Leased Property of the date set forth in such Notice, and Lessor shall be entitled to any Award made for the period of such temporary Taking prior to the date

of termination of the Lease. In no event shall Rent or any Additional Charges abate during the period of any temporary Taking.

15.5 AWARDS PAID TO FACILITY MORTGAGEE. Notwithstanding anything herein to the contrary, if any Facility Mortgagee is entitled to any Award or any portion thereof, under the terms of any Facility Mortgage such Award shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. If the Facility Mortgagee elects to apply the Award to the indebtedness secured by the Facility Mortgage: (i) if the Award represents an Award for Partial Taking as described in Section 15.3 above, Lessee shall restore the affected Facility (as nearly as possible under the circumstances) to a complete architectural unit of the same general character and condition as that of the Facility existing immediately prior to such Taking; or (ii) if the Award represents an Award for a Total Taking as described in Section 15.1 above, Lessee shall pay to Lessor an amount equal to the Repurchase Price and Lessor shall transfer its portion of the award and its interest in the affected Leased Property to Lessee. In any such restoration or purchase, Lessee shall receive full credit for any portion of any award retained by Lessor and the Facility Mortgagee.

ARTICLE XVI

LESSOR'S RIGHTS ON EVENT OF DEFAULT

16.1 LESSOR'S RIGHTS UPON AN EVENT OF DEFAULT. If an Event of Default shall occur Lessor may terminate this Lease by giving Lessee a Notice of Termination, and in such event, the Term shall end and all rights of Lessee under this Lease shall cease on the Termination Date. The Notice of Termination shall be in lieu of and not in addition to any notice required by the laws of any State as a condition to bringing an action for possession of the Leased Premises or to recover damages under this Lease. In addition to Lessor's right to terminate this Lease, Lessor shall have all other rights set forth in this Lease and all remedies available at law and in equity. Lessee shall, to the extent permitted by law, pay as Additional Charges all costs and expenses incurred by or on behalf of Lessor, including, without limitation, reasonable attorneys' fees and expenses (whether or not litigation is commenced, and if litigation is commenced, including fees and expenses incurred in any appeals and post judgment Proceeding) as a result of any default of Lessee hereunder.

16.2 CERTAIN REMEDIES. If an Event of Default shall occur, whether or not this Lease has been terminated pursuant to Section 16.1, if required to do so by Lessor, Lessee shall immediately surrender to Lessor the Leased Properties to Lessor in the condition required by Section 9.1.5 and quit the same, and Lessor may enter upon and repossess the Leased Properties by reasonable force, any summary Proceeding, ejectment or otherwise, and may remove Lessee and all other persons and any and all personal properties from the Leased Properties, subject to any Legal Requirements. In addition to all other remedies set forth or referred to in this Article XVI.

16.3 DAMAGES. Neither (i) the termination of this Lease pursuant to Section 16.1, (ii) the repossession of the Leased Properties, (iii) the failure of Lessor to relet the Leased Properties, (iv) the reletting of all or any portion thereof, nor (v) the failure of Lessor to collect or receive any rentals due upon such any reletting, shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such termination, repossession or reletting. In the event this Lease is terminated by Lessor, Lessee shall forthwith pay to Lessor

all accrued and future Rent due and payable with respect to the Leased Properties to and including the Realty Expiration Date all of which shall become immediately due and payable, including without limitation all interest and late charges payable under Section 3.3 with respect to any late payment of such Rent, and all Additional Charges.

16.4 LESSEE'S OBLIGATION TO PURCHASE. If an Event of Default occurs, Lessor may require Lessee to purchase the Leased Properties on the first Rent payment date occurring after the date of receipt of, or such later date as may be specified in, a Notice from Lessor requiring such purchase. The purchase price of the Leased Properties shall be an amount equal to the then Repurchase Price of the Leased Properties, plus all Rent then due and payable (excluding the installment of Base Rent due on the purchase date) as of the date of purchase. If Lessor exercises such right, Lessor shall convey the Leased Properties to Lessee on the date fixed therefor upon receipt of such purchase price and this Lease shall thereupon terminate. Any purchase by Lessee of the Leased Properties pursuant to this Section shall be credited against the damages specified in Section 16.3.

16.5 WAIVER. If this Lease is terminated pursuant to Section 16.1, Lessee waives, to the extent permitted by applicable law, (i) any right of reentry, repossession or redesignation, (ii) any right to a trial by jury in the event of any summary Proceeding to enforce the remedies set forth in this Article XVI, and (iii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt. Acceptance of Rent at any time does not prejudice or remove any right of Lessor as to any right or remedy. No course of conduct shall be held to bar Lessor from literal enforcement of the terms of this Lease.

16.6 APPLICATION OF FUNDS. Any payments received by Lessor under any of the provisions of this Lease during the existence or continuance of any Event of Default shall be applied to Lessee's obligations in the order which Lessor may determine or as may be prescribed by law.

16.7 BANKRUPTCY.

16.7.1 No Transfer. Neither Lessee's interest in this Lease, nor any estate hereby created in Lessee's interest nor any interest herein or therein, shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law, except as may specifically be provided pursuant to the Bankruptcy Code (11 U.S.C. Section 101 et. seq.), as the same may be amended from time to time.

16.7.2 Rights and Obligations Under the Bankruptcy Code.

Payment of Rent. Upon filing of a petition by or against Lessee under the Bankruptcy Code, Lessee, as debtor and as debtor-in-possession, and any trustee who may be appointed with respect to the assets of or estate in bankruptcy of Lessee, agree to pay monthly in advance on the first day of each month, as reasonable compensation for the use and occupancy of the Leased Properties, an amount equal to all Rent due pursuant to this Lease.

OTHER CONDITIONS AND OBLIGATIONS. INCLUDED WITHIN AND IN ADDITION TO ANY OTHER CONDITIONS OR OBLIGATIONS IMPOSED UPON LESSEE OR ITS SUCCESSOR IN THE EVENT OF THE ASSUMPTION AND/OR ASSIGNMENT OF THE LEASE ARE THE FOLLOWING: (i) THE CURE OF ANY MONETARY DEFAULTS AND REIMBURSEMENT OF PECUNIARY LOSS WITHIN NOT MORE THAN THIRTY (30) DAYS OF ASSUMPTION AND/OR ASSIGNMENT; (ii) THE DEPOSIT OF AN ADDITIONAL AMOUNT EQUAL TO NOT LESS THAN THREE (3) MONTHS' BASE RENT, WHICH AMOUNT IS AGREED TO BE A NECESSARY AND APPROPRIATE DEPOSIT TO SECURE THE FUTURE PERFORMANCE UNDER THE LEASE OF LESSEE OR ITS ASSIGNEE; (iii) THE CONTINUED USE OF THE LEASED PROPERTIES FOR THE PRIMARY INTENDED USE; AND (iv) THE PRIOR WRITTEN CONSENT OF ANY FACILITY MORTGAGEE.

16.8 LESSOR'S RIGHT TO CURE LESSEE'S DEFAULT. If Lessee fails to make any payment or perform any act required to be made or performed under this Lease, and fails to cure the same within any grace or cure period applicable thereto, upon such Notice as may be expressly required herein (or, if Lessor reasonably determines that the giving of such Notice would risk loss to the Leased Properties or cause damage to Lessor, upon such Notice as is practical under the circumstances), and without waiving or releasing any obligation of Lessee, Lessor may make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon the Leased Properties for such purpose and take all such action thereon as, in Lessor's sole opinion, may be necessary or appropriate. No such entry shall be deemed an eviction of Lessee. All amounts so paid by Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) so incurred, together with the late charge and interest provided for in Section 3.3 thereon, shall be paid by Lessee to Lessor on demand. The obligations of Lessee and rights of Lessor contained in this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE XVII

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1 ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS. Lessee, Guarantor, and WCG each jointly and severally represent, warrant and covenant that:

17.1.1 Organization; Powers. Both Lessee and Guarantor are duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

17.1.2 Authorization; Enforceability. The execution of and performance under this Lease is within each of the Lessee's and Guarantor' entity powers and has been duly authorized by all necessary member, corporate and, if required, stockholder action as the case may be. This Lease has been duly executed and delivered by each of the Lessee and Guarantor and constitutes a legal, valid and binding obligation of the Lessee and Guarantor (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws

affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a Proceeding in equity or at law.

17.1.3 Governmental Approvals; No Conflicts. The Lease or any of the other documents contemplated herein, (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Lessor's rights under this Lease, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Lessee or Guarantor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Lessee or Guarantor or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Lessee or Guarantor, and (d) will not result in the creation or imposition of any Encumbrance on any asset of Lessee or Guarantor, except any Encumbrance created by or in accordance with the Lease.

17.1.4 Financial Condition; No Material Adverse Change. Guarantor has heretofore furnished to Lessor consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, audited by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flow of Guarantor as of such dates and for such periods in accordance with GAAP.

17.1.4.1 Pro Formas. Guarantor has heretofore furnished to the Lessor its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements (which assumptions are believed by Lessee and Guarantor to be reasonable), (ii) are based on the best information available to Lessee and Guarantor after due inquiry, (iii) present fairly, in all material respects, the pro forma financial position of Lessee and Guarantor as of such date and for such periods.

17.1.4.2 Material Contingent Liabilities. Except as disclosed in the financial statements referred to above, neither the Lessee or Guarantor has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

17.1.4.3 Material Adverse Change. Since December 31, 2000, there has been no Material Adverse Change.

17.1.5 Properties. Lessee and Guarantor each has good title to, or valid leasehold interests in, all its real and personal property material to its business (including the Leased Properties), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such

properties for their intended purposes. None of the properties and assets of Lessee or Guarantor is subject to any Encumbrance other than Permitted Encumbrances, and Encumbrances created by or in connection with this Lease.

17.1.5.1 Intellectual Property. Lessee and Guarantor each owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Lessee and Guarantor does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

17.1.6 Litigation and Environmental Matters. There is no action, suit or Proceeding by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Lessee or Guarantor, threatened against or affecting Lessee or Guarantor (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Lease or any of the other documents contemplated herein.

17.1.6.1 Environmental Compliance. Except with respect to other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Lessee nor Guarantor (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any liability with respect to any Environmental Law, (iii) has received written notice of any claim with respect to any Environmental Law or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any liability under any Environmental Law.

17.1.7 Compliance with Laws and Agreements. Lessee and Guarantor each is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

17.1.8 Investment and Holding Company Status. Neither Lessee or Guarantor is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

17.1.9 Taxes. Lessee, Guarantor, and WCG each has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by or with respect to it, except (a) taxes that are being contested in good faith by an appropriate Proceeding and for which Lessee or Guarantor, as applicable, has set aside on its books adequate reserves or (b)

to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

17.1.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

17.1.11 Disclosure. Lessee and Guarantor have disclosed to the Lessor all agreements, instruments and corporate or other restrictions to which Lessee or Guarantor is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of Lessee or Guarantor in connection with the negotiation of this Lease or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Lessee and Guarantor represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

17.1.12 Insurance. As of the Effective Date, all premiums in respect of all insurance described in Article XIII have been paid.

17.1.13 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Lessee or Guarantor pending or, to the knowledge of Lessee or Guarantor, threatened. The hours worked by and payments made to employees of Lessee and Guarantor have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Lessee or Guarantor, or for which any claim may be made against Lessee or Guarantor, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Lessee or Guarantor. The execution of this Lease has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Lessee or Guarantor is bound.

17.1.14 Solvency. Immediately after the Effective Date and immediately following the purchase of the Leased Properties by Lessor pursuant to the Purchase Agreement made on the Effective Date and after giving effect to the application of the Purchase Price, (a) the fair value of the assets of Lessee, Guarantor, and WCG will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present

fair saleable value of the property of Lessee, Guarantor and WCG will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Lessee, Guarantor, and WCG each will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Lessee, Guarantor, and WCG each will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

17.1.15 No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Lessee or Guarantor is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

17.1.16 Representations True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Lessee or Guarantor thereto contained in the Purchase Agreement, this Lease or any other documents executed in connection herewith, is true and correct.

ARTICLE XVIII

OCCUPANCY AFTER EXPIRATION OF TERM

18.1 HOLDING OVER. If Lessee remains in possession of all or any of the Leased Properties after the expiration of the Term or earlier termination of this Lease, such possession shall be as a month-to-month tenant, and throughout the period of such possession Lessee shall pay as Rent for each month one hundred fifty percent (150%) times the sum of: (i) one-twelfth (1/12th) of the Base Rent payable during the Lease Year in which such expiration or termination occurs, plus (ii) all Additional Charges accruing during the month, plus (iii) any and all other sums payable by Lessee pursuant to this Lease. During such period of month-to-month tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by applicable law to month-to-month tenancies, to continue its occupancy and use of the Leased Properties until the month-to-month tenancy is terminated. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease.

18.2 INDEMNITY. If Lessee fails to surrender the Leased Properties in a timely manner and in accordance with the provisions of Section 9.1.5 upon the expiration or termination of this Lease, in addition to any other liabilities to Lessor accruing therefrom, Lessee shall defend, indemnify and hold Lessor, its principals, officers, directors, agents and employees harmless from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, loss of rental with respect to any new lease in which the rental payable thereunder exceeds the Rent paid by Lessee pursuant to this Lease during Lessee's hold-over and any claims by any proposed new tenant founded on such failure. The provisions of this Section 18.2 shall survive the expiration or termination of this Lease.

ARTICLE XIX

SUBORDINATION AND ATTORNMENT

19.1 SUBORDINATION. Upon written request of Lessor, any Facility Mortgagee, or the beneficiary of any deed of trust of Lessor, Lessee will enter into a written agreement subordinating its rights pursuant to this Lease (i) to the lien of any mortgage, deed of trust or the interest of any lease in which Lessor is the lessee and to all modifications, extensions, substitutions thereof (or, at Lessor's option, agree to the subordination to this Lease of the lien of said mortgage, deed of trust or the interest of any lease in which Lessor is the lessee), and (ii) to all advances made or hereafter to be made thereunder. In connection with any such request, Lessor shall provide Lessee with a "Non-Disturbance Agreement" reasonably acceptable to such mortgagee, beneficiary or lessor providing that if such mortgagee, beneficiary or lessor acquires the Leased Properties by way of foreclosure or deed in lieu of foreclosure, such mortgagee, beneficiary or lessor will not disturb Lessee's possession under this Lease and will recognize Lessee's rights hereunder if and for so long as no Event of Default has occurred and is continuing. Lessee agrees to consent to amend this Lease as reasonably required by the Facility Mortgagee, and shall be deemed to have unreasonably withheld or delayed its consent if the required changes do not materially (i) alter the economic terms of this Lease, (ii) diminish the rights of Lessee, or (iii) increase the obligations of Lessee, provided that Lessee shall also have received the non-disturbance agreement provided for in this Article.

19.2 ATTORNMENT. If any Proceeding is brought for foreclosure, or if the power of sale is exercised under any mortgage or deed of trust made by Lessor encumbering the Leased Properties, or if a lease in which Lessor is the lessee is terminated, Lessee shall attorn to the purchaser or lessor under such lease upon any foreclosure or deed in lieu thereof, sale or lease termination and recognize the purchaser or lessor as Lessor under this Lease, provided the purchaser or lessor acquires and accepts the Leased Properties subject to this Lease.

19.3 LESSEE'S CERTIFICATE. Lessee shall, upon not less than ten (10) days prior Notice from Lessor, execute, acknowledge and deliver to Lessor, Lessee's Certificate containing then-current facts. It is intended that any Lessee's Certificate delivered pursuant hereto may be relied upon by Lessor, any prospective tenant or purchaser of the Leased Properties, any mortgagee or prospective mortgagee, and by any other party who may reasonably rely on such statement. Lessee's failure to deliver the Lessee's Certificate within such time shall constitute an Event of Default. In addition, Lessee hereby authorizes Lessor to execute and deliver a certificate to the effect (if true) that Lessee represents and warrants that (i) this Lease is in full force and effect without modification, and (ii) Lessor is not in breach or default of any of its obligations under this Lease.

ARTICLE XX

RISK OF LOSS

20.1 RISK OF LOSS. During the Term, the risk of loss or of decrease in the enjoyment and beneficial use of the Leased Properties in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions is assumed by Lessee, and, in the absence of gross negligence, willful misconduct or material breach of this Lease by Lessor, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Article XX entitle Lessee to any abatement of Rent.

ARTICLE XXI

INDEMNIFICATION

21.1 INDEMNIFICATION. Notwithstanding the existence of any insurance or self-insurance provided for in Article XIII, and without regard to the policy limits of any such insurance or self-insurance, Lessee shall protect, indemnify, save harmless and defend Lessor, its principals, officers, directors, agents, employees, parents, and affiliates from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), to the extent permitted by law, imposed upon or incurred by or asserted against Lessor by reason of: (i) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Leased Properties or adjoining sidewalks, including without limitation any claims of malpractice, (ii) any use, misuse, non-use, condition, maintenance or repair by Lessee of the Leased Properties, (iii) the failure to pay any Impositions, (iv) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, and (v) the nonperformance of any contractual obligation, express or implied, assumed or undertaken by Lessee or any party in privity with Lessee with respect to the Leased Properties or any business or other activity carried on with respect to the Leased Properties during the Term or thereafter during any time in which Lessee or any such other party is in possession of the Leased Properties or thereafter to the extent that any conduct by Lessee or any such person (or failure of such conduct thereby if the same should have been undertaken during such time of possession and leads to such damage or loss) causes such loss or claim. Any amounts which become payable by Lessee under this Section shall be paid within ten (10) days after liability therefor on the part of Lessee is determined by litigation or otherwise, and if not timely paid, shall bear interest (to the extent permitted by law) at the Overdue Rate from the date of such determination to the date of payment. Nothing herein shall be construed as indemnifying Lessor against its own grossly negligent acts or omissions or willful misconduct. Lessee's liability under this Article shall survive the expiration or any earlier termination of this Lease.

ARTICLE XXII

RESTRICTIONS ON TRANSFERS

22.1 GENERAL PROHIBITION AGAINST TRANSFERS. Lessee acknowledges that a significant inducement to Lessor to enter into this Lease with Lessee on the terms set forth herein is the combination of financial strength, experience, skill and reputation possessed by the Lessee named herein, the Person or Persons in Control of Lessee and Guarantor, together with Lessee's assurance that Lessor shall have the unrestricted right to approve or disapprove any proposed Transfer. Therefore, there shall be no Transfer except as specifically permitted by this Lease or consented to in advance by Lessor in writing. Lessee agrees that Lessor shall have the right to withhold its consent to any proposed Transfer on the basis of Lessor's judgment as to the effect the proposed Transfer may have on the Leased Properties and the future performance of the obligations of the Lessee under this Lease, whether or not Lessee agrees with such judgment. Any attempted Transfer which is not specifically permitted by this Lease or consented to by Lessor in advance in writing shall be null and void and of no force and effect whatsoever. In the event of a Transfer, Lessor may collect Rent and other charges from the assignee, subtenant or other occupant or transferee (any and all of which are herein referred to as a "Transferee") and apply the amounts collected to the Rent and other charges herein reserved, but no Transfer or collection of Rent and other charges shall be deemed to be a waiver of Lessor's rights to enforce Lessee's covenants or an acceptance of the Transferee as Lessee, or a release of the Lessee named herein from the performance of its covenants. Notwithstanding any Transfer, Lessee and Guarantor shall remain fully liable for the performance of all terms, covenants and provisions of this Lease. Any violation of this Lease by any Transferee shall be deemed to be a violation of this Lease by Lessee.

22.2 CONSENT TO CERTAIN TRANSFERS. Lessor acknowledges that Lessee, as sublessor, intends to enter into subleases with the parties identified on SCHEDULE 22.2, as sublessees, with respect to the Facilities identified on such Schedule. Lessor consents to such subleases provided that all such sublease agreements satisfy all of the requirements set forth in this Lease and otherwise are satisfactory in form and substance to Lessor. The conditions set forth in the immediately preceding sentence shall be deemed satisfied as to any sublease with respect to which Lessor has executed and delivered a Consent and Non-Disturbance Agreement in substantially the form of EXHIBIT F. Notwithstanding any such sublease, Lessee and Guarantor shall remain fully liable for the performance of all terms, covenants and provisions of this Lease.

22.3 SUBORDINATION AND ATTORNMENT. Lessee shall insert in any sublease permitted by Lessor provisions to the effect that (i) such sublease is subject and subordinate to all of the terms and provisions of this Lease and to the rights of Lessor hereunder, (ii) if this Lease terminates before the expiration of such sublease, the sublessee thereunder will, at Lessor's option, attorn to Lessor and waive any right the sublessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of this Lease, and (iii) if the sublessee receives a written Notice from Lessor or Lessor's assignee, if any, stating that Lessee is in default under this Lease, the sublessee shall thereafter be obligated to pay all rentals accruing under the sublease directly to the party giving such Notice, or as such party may direct, which payments shall be credited against the amounts owing by Lessee under this Lease.

ARTICLE XXIII

LESSEE AND GUARANTOR INFORMATION

23.1 OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS. Lessee and Guarantor shall furnish or cause to be furnished to Lessor:

23.1.1 Fiscal Year Information. (i) within ninety (90) days after the end of each fiscal year of WCG, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of WCG's business segments consistent), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing, and otherwise reasonably satisfactory to Lessor (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, and (ii) within ninety (90) days after the end of each fiscal year of WCG, supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for WCG and the consolidating adjustments with respect thereto.

23.1.2 Quarterly Information. (i) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of WCG, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' or members' equity and cash flows of Guarantor and WCG as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year), all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of Guarantor and WCG on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Guarantor, unaudited balance sheets and related statements of operations, stockholders' or members' equity and cash flow of Guarantor as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of Guarantor in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

23.1.3 Officers Certificate. Concurrently with any delivery of financial statements under Sections 23.1.1 and 23.1.2, and at any time and from time to time, within ten (10) days of Lessor's request, an Officer's Certificate of the Lessee (i) certifying as to whether an Event of Default has occurred and, if an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Sections 8.4.2 through 8.4.6 (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of audited financial statements referred to in Section 17.1.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Officer's Certificate, and (iv) certifying as to the compliance by Lessee and Guarantor, with the provisions of this Lease, and such other matters set forth in this Lease or the Credit Agreement, as Lessor may specify.

23.1.4 Accounting Firm Certificate. Concurrently with any delivery of financial statements under Section 23.1.1, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines).

23.1.5 Budget. As soon as practicable after approval by the Board of Directors of WCG, and in any event not later than one hundred and twenty (120) days after the commencement of each fiscal year of WCG, a consolidated and consolidating budget of WCG for such fiscal year and a consolidated budget of the Lessee for such fiscal year and, promptly when available, any significant revisions of any such budget.

23.1.6 SEC Filings. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by WCG or any of its Affiliates with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by WCG to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website.

23.1.7 Other Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Lessee, Guarantor or WCG, or compliance with the terms of this Lease or any of the documents contemplated herein, as Lessor may reasonably request.

23.1.8 Credit Agreement Information. To the extent not previously covered by the provisions of this Section 23.1, copies of all information provided by Guarantor, WCG or any Affiliates of either pursuant to the Credit Agreement, contemporaneously with its delivery pursuant thereto.

23.2 PUBLIC OFFERING INFORMATION. Lessee, Guarantor and WCG, specifically agree that subject to the approval of Lessee, which approval shall not be unreasonably withheld or delayed, Lessor may include financial information and information concerning the operation of the Facilities in offering memoranda or prospectus, or similar

publications in connection with syndications or public offerings of Lessor's securities or interests, and any other reporting requirements under applicable Federal and State Laws, including those of any successor to Lessor. Lessee, Guarantor, and WCG, agree to provide such other reasonable information necessary with respect to Lessee, Guarantor, and WCG, and the Leased Properties to facilitate a public offering or to satisfy SEC or regulatory disclosure requirements. Upon request of Lessor, Lessee shall notify Lessor of any necessary corrections to information Lessor proposes to publish within a reasonable period of time (not to exceed ten (10) days) after being informed thereof by Lessor.

23.3 NOTICES OF MATERIAL EVENTS. Upon its respective knowledge thereof, Lessee and Guarantor each will furnish to Lessor prompt written notice of the following. Each notice delivered under this Section shall be accompanied by a statement of an Officer's Certificate, duly executed, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

23.3.1 Event of Default. The occurrence of any Event of Default.

23.3.2 Action, Suit or Proceeding. The filing or commencement of any action, suit or Proceeding by or before any arbitrator or Governmental Authority against or affecting Lessee, Guarantor or WCG or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect.

23.3.3 ERISA Event. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

23.3.4 Other Matters. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

ARTICLE XXIV

INSPECTION

24.1 LESSOR'S RIGHT TO INSPECT. Lessee shall permit Lessor and its authorized representatives to inspect the Leased Properties and Lessee's books and records pertaining thereto during normal business hours at any time upon reasonable Notice. Notwithstanding the foregoing, Lessee is and shall be in exclusive control and possession of the Leased Properties as provided herein, and Lessor shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on or about the Leased Properties nor for any injury or damage to any property of Lessee, or of any other person, except in the event any such injury or damage is the direct result of the gross negligence or malfeasance of Lessor. The right of Lessor to enter and inspect the Leased Properties are for the purpose of enabling Lessor to be informed as to whether or not Lessee is complying with the terms, covenants and conditions of this Lease and to do such acts as Lessee may have failed to do, provided however, in no event shall Lessor have any obligation whatsoever to so perform such acts.

ARTICLE XXV

NO WAIVER

25.1 NO WAIVER. No failure by Lessor to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach hereof, and no acceptance of full or partial payment of Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVI

REMEDIES CUMULATIVE

26.1 REMEDIES CUMULATIVE. To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Lessor now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor of any or all of such other rights, powers and remedies.

ARTICLE XXVII

SURRENDER

27.1 ACCEPTANCE OF SURRENDER. No surrender to Lessor of this Lease or of the Leased Properties or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

ARTICLE XXIII

RELATIONSHIP

28.1 NO MERGER OF TITLE. There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same person, firm, corporation or other entity may acquire, own or hold, directly or indirectly, (i) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, and (ii) the fee estate in the Leased Properties.

28.2 NO PARTNERSHIP. Nothing contained in this Lease will be deemed or construed to create a partnership or joint venture between Lessor and Lessee or to cause either party to be responsible in any way for the debts or obligations of the other or any other party, it being the intention of the parties that the only relationship hereunder is that of Lessor and Lessee.

ARTICLE XXIX

CONVEYANCE BY LESSOR

29.1 CONVEYANCE BY LESSOR. Lessor may at its sole option, transfer the Leased Properties and in connection with any such transfer, may assign this Lease. If Lessor or any successor owner of the Leased Properties conveys the Leased Properties other than as security for a debt, Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor under this Lease arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner.

ARTICLE XXX

QUIET ENJOYMENT

30.1 QUIET ENJOYMENT. So long as Lessee pays all Rent as it becomes due and complies with all of the terms of this Lease and performs its obligations hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Leased Properties for the Term, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to all liens and Encumbrances of record as of the date hereof or hereafter provided for in this Lease or consented to by Lessee. Except as otherwise provided in this Lease, no failure by Lessor to comply with the foregoing covenant will give Lessee any right to cancel or terminate this Lease or abate, reduce or make a deduction from or offset against the Rent or any other sum payable under this Lease, or to fail to perform any other obligation of Lessee. Lessee shall, however, have the right, by separate and independent action, to pursue any claim it may have against Lessor as a result of a breach by Lessor of the covenant of quiet enjoyment contained in this Section.

ARTICLE XXXI

NOTICES

31.1 NOTICES. Any notice, request or other communication to be given by any party hereunder shall be in writing and shall be sent by registered or certified mail, postage prepaid, by overnight deliver, hand delivery or facsimile transmission to the following address:

To Lessor: Williams Headquarters Building Company
Attn: George D. Shahadi, Vice
President-Corp. Real Estate
One Williams Center, Suite 2200
Tulsa, Oklahoma 74172
Fax No. 918/573-4049

With copies to: The Williams Companies, Inc.
Attn: Real Estate Counsel
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Fax No. 918/573-4503

The Williams Companies, Inc.
Attn: Treasurer
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Fax No. 918/573-2065

To Lessee:

Williams Technology Center, LLC
Attn: Vice President, Real Estate
One Williams Center, MD-OneOK-6
Tulsa, Oklahoma 74172
Fax No. 918/573-5614

With copy to:

Williams Communications, LLC.
Attn: P. David Newsome, Jr., Esq., General Counsel
One Williams Center, MD-41-3
Tulsa, Oklahoma 74172
Fax No. 918/573-3005

To Guarantor:

Williams Communications, LLC
Attn: P. David Newsome, Jr., Esq., General Counsel
One Williams Center, MD-41-3
Tulsa, Oklahoma 74172
Fax No. 918/573-3005

With copy to:

Williams Communications, LLC
Attn: Assistant Treasurer
One Technology Center, MD: TC 14X
Tulsa, Oklahoma 74103
Fax No.: 918/547-1108

or to such other address as either party may hereafter designate. Notice shall be deemed to have been given on the date of delivery if such delivery is made on a Business Day, or if not, on the first Business Day after delivery. If delivery is refused, Notice shall be deemed to have been given on the date delivery was first attempted. Notice sent by facsimile transmission shall be deemed given upon confirmation that such Notice was received at the number specified above or in a Notice to the sender. If Lessee has vacated the Leased Properties, Lessor's Notice may be posted on the door of a Leased Property. No failure of any addressee designated as "With copy to", to be sent or to receive any Notice shall invalidate the effectiveness of Notice sent to and received by any party to this Lease.

ARTICLE XXXII

[INTENTIONALLY OMITTED]

ARTICLE XXXIII

[INTENTIONALLY OMITTED]

ARTICLE XXXIV

LESSOR'S OPTION TO PURCHASE

34.1 LESSOR'S OPTION TO PURCHASE LESSEE'S PERSONAL PROPERTY. Unless Lessee purchases the Leased Properties as provided in this Lease, upon the expiration or termination of this Lease, Lessor shall have the option on the terms hereinafter set forth to purchase any of Lessee's Personal Property that is not deemed to have been sold, assigned, transferred and conveyed to Lessor pursuant to Section 6.3 hereof, for an amount equal to the then book value thereof (acquisition cost less accumulated depreciation on the books of Lessee pertaining thereto), subject to, and with appropriate credits for, any obligations owing from Lessee to Lessor and for the then outstanding balances owing on all equipment leases, conditional sale contracts and any other Encumbrances to which such Lessee's Personal Property is subject. Lessor's option shall be exercised by Notice to Lessee no more than one hundred eighty (180) days, nor less than ninety (90) days, before the expiration of the Realty Term, unless this Lease is terminated prior to its expiration date by reason of an Event of Default, in which event Lessor's option shall be exercised not more than ninety (90) days after the date of termination. Lessor's option shall terminate upon Lessee's purchase of the Leased Properties. If Lessee does not receive Lessor's Notice exercising its option before the expiration of the relevant time period, Lessee shall give Lessor Notice thereof and Lessor's option shall continue in full force and effect for a period of thirty (30) days after such Notice from Lessee. If Lessor exercises its option, Lessee shall, in exchange for Lessor's payment of the purchase price, deliver the purchased Lessee's Personal Property to Lessor, together with a bill of sale and such other documents as Lessor may reasonably request in order to carry out the purchase, and the purchase shall be closed by such delivery and such payment on the date set by Lessor in its Notice of exercise. Lessor shall be responsible for applicable sales, use and other similar taxes which are assessed on the sale of Lessee's Personal Property to Lessor.

34.2 LEASED PROPERTIES TRADE NAME. If this Lease is terminated pursuant to Section 16.1 or Lessor exercises its option to purchase Lessee's Personal Property pursuant to Section 34.1, Lessee shall be deemed to have assigned to Lessor the exclusive right to use Leased Properties Trade Name in perpetuity.

34.3 TRANSFER OF OPERATIONAL CONTROL OF THE FACILITIES. Lessee shall cooperate fully in transferring operational control of all of the Facilities which are then subject to this Lease to Lessor or Lessor's nominee if the Term expires without renewal or this Lease is terminated upon the occurrence of an Event of Default or for any other reason, and Lessee shall use its best efforts to cause the business conducted at all such Facilities to continue without interruption. To that end, pending completion of the transfer of the operational control of such Facilities to Lessor or its nominee:

34.3.1 Employees. Lessee will not terminate the employment of any Leased Properties maintenance and operations employees without just cause, or change any salaries, provided, however, that without the advance written consent of Lessor,

Lessee may grant pre-announced wage increases of which Lessor has knowledge, increases required by written employment agreements and normal raises to non-officers at regular review dates; and Lessee will not hire any additional employees except in good faith in the ordinary course of business;

34.3.2 Change in Control. Lessee will provide all necessary information requested by Lessor or its nominee for the preparation and filing of any and all necessary applications or notifications of any federal or state governmental authority having jurisdiction over a change in the operational control of the Facilities, and any other information reasonably required to effect an orderly transfer of the Facilities;

34.3.3 Business and Organization. Lessee shall use all reasonable efforts to keep the business and organization of the Facilities intact and to preserve for Lessor or its nominee the goodwill of the suppliers, distributors, residents and others having business relations with Lessee with respect to the Facilities;

34.3.4 Operations in Ordinary Course. Lessee shall engage only in transactions or other activities with respect to the Facilities which are in the ordinary course of its business and shall perform all maintenance and repairs reasonably necessary to keep the Facilities in satisfactory operating condition and repair;

34.3.5 Employee Benefits. Lessee shall provide Lessor or its nominee with full and complete information regarding the employees of the Facilities and shall reimburse Lessor or its nominee for all outstanding accrued employee benefits, including accrued vacation, sick and holiday pay calculated on a true accrual basis, including all earned and a prorated portion of all unearned benefits;

34.3.6 Third Party Consents. Lessee shall use all reasonable efforts to obtain the acknowledgment and the consent of any creditor, lessor or sublessor, mortgagee, beneficiary of a deed of trust or security agreement affecting the real and personal properties of Lessee or any other party whose acknowledgment and/or consent would be required because of a change in the operational control of the Facilities and transfer of personal property. The consent must be in form, scope and substance satisfactory to Lessor or its nominee, including, without limitation, an acknowledgment in respect to all such contracts, leases, deeds of trust, mortgage, security agreements, or other agreements that Lessee and all predecessors or successors-in-interest thereto are not in default in respect thereto, that no condition known to the consenting party exists which with the giving of notice or lapse of time would result in such a default, and, if requested, affirmatively consenting to the change in the operational control of the Facilities;

34.3.7 Lessor as Attorney-in-Fact. To more fully preserve and protect Lessor's rights under this Section, Lessee does hereby make, constitute and appoint Lessor its true and lawful attorney-in-fact, for it and in its name, place and stead to execute and deliver all such instruments and documents, and to do all such other acts and things, as Lessor may deem to be necessary or desirable to protect and preserve the rights granted under this Section. Lessee hereby grants to Lessor the full power and authority to appoint one or more substitutes to perform any of the acts that Lessor is authorized to perform under this Section, with a right to revoke such appointment of

substitution at Lessor's pleasure. The power of attorney granted pursuant to this Section is coupled with an interest and therefore is irrevocable. Any person dealing with Lessor may rely upon the representation of Lessor relating to any authority granted by this power of attorney, including the intended scope of the authority, and may accept the written certificate of Lessor that this power of attorney is in full force and effect. Photographic or other facsimile reproductions of this executed Lease may be made and delivered by Lessor, and may be relied upon by any person to the same extent as though the copy were an original. Anyone who acts in reliance upon any representation or certificate of Lessor, or upon a reproduction of this Lease, shall not be liable for permitting Lessor to perform any act pursuant to this power of attorney. Notwithstanding the foregoing, Lessor covenants with Lessee that Lessor shall refrain from exercising the power of attorney granted hereby except in the case of an Event of Default hereunder or in the event of a default, which, in Lessor's reasonable judgment, may lead to the suspension or revocation of any license of Lessee or of any sublessee.

34.4 INTANGIBLES AND PERSONAL PROPERTY. Notwithstanding any other provision of this Lease but subject to Articles 40 or 41 relating to the security interest in favor of Lessor, Leased Personal Property shall not include goodwill nor shall it include any other intangible personal property that is severable from Lessor's " interests in real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto.

ARTICLE XXXV

[INTENTIONALLY OMITTED]

ARTICLE XXXVI

MISCELLANEOUS

36.1 COMPLIANCE WITH FACILITY MORTGAGE. Lessee covenants and agrees that it will duly and punctually observe, perform and comply with all of the terms, covenants and conditions (including, without limitation, covenants requiring the keeping of books and records and delivery of Financial Statements and other information) of any Facility Mortgage and that it will not directly or indirectly, do any act or suffer or permit any condition or thing to occur, which would or might constitute a default under a Facility Mortgage. Anything in this Lease to the contrary notwithstanding, if the time for performance of any act required of Lessee by the terms of a Facility Mortgage is shorter than the time allowed by this Lease for performance of such act by Lessee, then Lessee shall perform such act within the time limits specified in such Facility Mortgage.

36.2 SURVIVAL, CHOICE OF LAW. Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities of, Lessee or Lessor arising prior to the date of expiration or termination of this Lease shall survive such expiration or termination. If any term or provision of this Lease or any application thereof is held invalid or unenforceable, the remainder of this Lease and any other application of such term or provisions shall not be affected thereby. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated except by an instrument in writing and in recordable form signed by Lessor and Lessee. All the terms and provisions of this Lease shall

be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Lease shall be governed by and construed in accordance with the laws of the State, except as to matters which, under applicable procedural conflicts of laws rules require the application of laws of another State.

LESSEE CONSENTS TO IN PERSONAM JURISDICTION BEFORE THE STATE AND FEDERAL COURTS OF THE STATES OF OKLAHOMA AND AGREES THAT ALL DISPUTES CONCERNING THIS LEASE BE HEARD IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF OKLAHOMA. LESSEE AGREES THAT SERVICE OF PROCESS MAY BE EFFECTED UPON IT UNDER ANY METHOD PERMISSIBLE UNDER THE LAWS OF THE STATE OF OKLAHOMA AND IRREVOCABLY WAIVES ANY OBJECTION TO VENUE IN THE STATE AND FEDERAL COURTS OF THE STATE OF OKLAHOMA.

36.3 LIMITATION ON RECOVERY. Lessee specifically agrees to look solely to Lessor's interest in the Leased Properties for recovery of any judgment from Lessor, it being specifically agreed that no constituent shareholder, officer or director of Lessor shall ever be personally liable for any such judgment or for the payment of any monetary obligation to Lessee. Furthermore, Lessor (original or successor) shall never be liable to Lessee for any indirect, consequential, special or punitive damages suffered by Lessee from whatever cause.

36.4 WAIVERS. Lessee waives any defense by reason of any disability of Lessee, and waives any other defense based on the termination of Lessee's (including Lessee's successor's) liability from any cause. Lessee waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance, and waives all notices of the existence, creation, or incurring of new or additional obligations.

36.5 CONSENTS. Whenever the consent or approval of Lessor is required hereunder, Lessor may in its sole discretion and without reason withhold that consent or approval unless otherwise specifically provided.

36.6 COUNTERPARTS. This Lease may be executed in separate counterparts, each of which shall be considered an original when each party has executed and delivered to the other one or more copies of this Lease.

36.7 RIGHTS CUMULATIVE. Except as provided herein to the contrary, the respective rights and remedies of the parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

36.8 ENTIRE AGREEMENT. There are no oral or written agreements or representations between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee.

36.9 AMENDMENTS IN WRITING. No provision of this Lease may be amended except by an agreement in writing signed by Lessor and Lessee.

36.10 SEVERABILITY. If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

36.11 ESTOPPEL CERTIFICATE. At any time and from time to time, Lessee shall, without charge, within ten (10) days after request by Lessor, certify by a written instrument executed and acknowledged by a duly authorized representative of Lessee, addressed to Lessor and any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other party, firm or corporation specified by Lessor, as to the validity and status of this Lease, as to the existence of any default on the part of any party hereunder, as to the existence of any offsets, counterclaims, or defenses thereto which may be alleged on the part of Lessee, and as to any other matters which may be reasonably requested by Lessor.

36.12 TIME OF THE ESSENCE. Except for the delivery of possession of the Facilities to Lessee, time is of the essence of all provisions of this Lease of which time is an element.

36.13 LESSOR'S COSTS AND EXPENSES. Lessee shall be responsible for and shall pay on demand by Lessor, all of Lessor's reasonable costs and expenses incurred in connection with the negotiation and preparation of this Lease, including without limitation, the reasonable fees and expenses of Lessor's attorneys.

ARTICLE XXXVII

BROKERS

37.1 COMMISSIONS. Lessee represents and warrants to Lessor that no real estate commission, finder's fee or the like is due and owing to any person in connection with this Lease. Lessee agrees to save, indemnify and hold Lessor harmless from and against any and all claims, liabilities or obligations for brokerage, finder's fees or the like in connection with this Lease or the transactions contemplated hereby, asserted by any person on the basis of any statement or act alleged to have been made or taken by Lessee.

ARTICLE XVIII

MEMORANDUM OF LEASE

38.1 MEMORANDUM OR SHORT FORM OF LEASE. Lessor and Lessee shall, promptly upon the request of either, enter into a Memorandum or Short Form of Lease, substantially in the form of EXHIBIT G with such modifications as may be appropriate under the laws and customs of the States and in the customary form suitable for recording under the laws of each of the States. Lessee shall pay all costs and expenses of recording such memorandum or short form of this Lease.

ARTICLE XXXIX

RECHARACTERIZATION

39.1 RECHARACTERIZATION AS A SECURITY DOCUMENT. In the event that notwithstanding the intent of Lessor, Lessee and Guarantor as set forth herein, that this Lease be treated as a true lease for purposes of the UCC and other applicable laws of the State, a court of competent jurisdiction recharacterizes this Lease as a security document serving as collateral for a financing, the additional provisions set forth in Article XL and Article XLI shall apply, provided however, such application shall in no event otherwise diminish, restrict or eliminate any of the Lessor's rights or remedies set forth in this Lease or in any of the other documents executed in connection herewith, all of the foregoing to remain in full force and effect for all purposes.

ARTICLE XL

GRANT OF MORTGAGE LIEN

40.1 GRANT OF LIEN AND SECURITY INTEREST; ASSIGNMENT OF RENTS. To secure to the Lessor the performance by the Lessee of its covenants, agreements and obligations under the Lease, Lessee hereby agrees as follows:

40.1.1 MORTGAGE. SUBJECT TO THE TERMS AND CONDITIONS OF THE LEASE, AND IN ADDITION TO ALL OTHER RIGHTS AND REMEDIES OF LESSOR AS CONTAINED HEREIN OR UNDER APPLICABLE LAW, THE LESSEE DOES HEREBY MORTGAGE, PLEDGE, GRANT, BARGAIN, SELL, CONVEY, ASSIGN, WARRANT, TRANSFER AND SET OVER TO THE LESSOR, WITH POWER OF SALE, TO THE EXTENT PERMITTED BY APPLICABLE LAW: (i) ALL OF THE LESSEE'S RIGHT, TITLE AND INTEREST, IF ANY, IN THE LEASED PROPERTIES, AND (ii) ALL OF THE LESSEE'S RIGHT, TITLE AND INTEREST IN AND TO ALL PROCEEDS OF THE CONVERSION, WHETHER VOLUNTARY OR INVOLUNTARY, OF ANY OF THE ABOVE-DESCRIBED PROPERTY INTO CASH OR OTHER LIQUID CLAIMS, INCLUDING, WITHOUT LIMITATION, ALL AWARDS, PAYMENTS OR PROCEEDS, INCLUDING INTEREST THEREON, AND THE RIGHT TO RECEIVE THE SAME, WHICH MAY BE MADE AS A RESULT OF CASUALTY, ANY EXERCISE OF THE RIGHT OF EMINENT DOMAIN OR DEED IN LIEU THEREOF, THE ALTERATION OF THE GRADE OF ANY STREET AND ANY INJURY TO OR DECREASE IN THE VALUE THEREOF, THE FOREGOING COLLECTIVELY BEING REFERRED TO HEREINAFTER AS THE "SECURITY PROPERTY".

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, unto the Lessor, its successors and assigns, forever, for the uses and purposes herein expressed, but not otherwise.

40.1.2 SECURITY INTEREST. SUBJECT TO THE TERMS AND CONDITIONS OF THE LEASE, THE LESSEE HEREBY GRANTS TO THE LESSOR A SECURITY INTEREST IN THE LESSEE'S INTEREST, IF ANY, IN THAT PORTION OF THE SECURITY PROPERTY (THE "UCC PROPERTY") SUBJECT TO THE UNIFORM COMMERCIAL CODE OF THE STATE IN WHICH THE LEASED PROPERTIES ARE LOCATED (THE "UCC"). THIS LEASE SHALL ALSO BE DEEMED TO BE A SECURITY AGREEMENT AND A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO 12A O.S. SECTION 1-9-502 AND SHALL SUPPORT ANY FINANCING STATEMENT SHOWING THE LESSOR'S INTEREST AS A

SECURED PARTY WITH RESPECT TO ANY PORTION OF THE UCC PROPERTY DESCRIBED IN SUCH FINANCING STATEMENT. THE LESSEE AGREES, AT ITS SOLE COST AND EXPENSE, TO EXECUTE, DELIVER AND FILE FROM TIME TO TIME SUCH FURTHER INSTRUMENTS AS MAY BE REQUESTED BY THE LESSOR TO CONFIRM AND PERFECT THE LIEN OF THE SECURITY INTEREST IN THE COLLATERAL DESCRIBED IN THIS LEASE.

40.1.3 ASSIGNMENT OF LEASES AND RENTS. THE LESSEE HEREBY IRREVOCABLY ASSIGNS, CONVEYS, TRANSFERS AND SETS OVER UNTO THE LESSOR (SUBJECT, HOWEVER, TO THE LEASE AND THE RIGHTS OF THE LESSEE THEREUNDER AND HEREUNDER) ALL AND EVERY PART OF THE RENTS, ISSUES AND PROFITS THAT MAY FROM TIME TO TIME BECOME DUE AND PAYABLE ON ACCOUNT OF ANY AND ALL SUBLEASES OR OTHER OCCUPANCY AGREEMENTS NOW EXISTING, OR THAT MAY HEREAFTER COME INTO EXISTENCE WITH RESPECT TO THE LEASED PROPERTIES OR ANY PART THEREOF, INCLUDING ANY GUARANTIES OF SUCH SUBLEASES OR OTHER OCCUPANCY AGREEMENTS. UPON REQUEST OF THE LESSOR, THE LESSEE SHALL EXECUTE AND CAUSE TO BE RECORDED, AT ITS EXPENSE, SUPPLEMENTAL OR ADDITIONAL ASSIGNMENTS OF ANY SUBLEASES OR OTHER OCCUPANCY AGREEMENTS, OF THE LEASED PROPERTIES. UPON THE OCCURRENCE AND CONTINUANCE OF A EVENT OF DEFAULT, THE LESSOR IS HEREBY FULLY AUTHORIZED AND EMPOWERED IN ITS DISCRETION (IN ADDITION TO ALL OTHER POWERS AND RIGHTS HEREIN GRANTED), AND SUBJECT TO THE LEASE AND THE RIGHTS OF THE LESSEE THEREUNDER AND HEREUNDER, TO APPLY FOR AND COLLECT AND RECEIVE ALL SUCH RENTS, ISSUES AND PROFITS AND TO ENFORCE ANY GUARANTY OR GUARANTIES, AND ALL MONEY SO RECEIVED UNDER AND BY VIRTUE OF THIS ASSIGNMENT SHALL BE HELD AND APPLIED AS FURTHER SECURITY FOR THE PAYMENT OF THE INDEBTEDNESS SECURED HEREBY AND TO ASSURE THE PERFORMANCE BY THE LESSEE OF ITS COVENANTS, AGREEMENTS AND OBLIGATIONS UNDER THE LEASE.

40.2 REMEDIES. Upon the occurrence and continuance of an Event of Default:

40.2.1 Power of Sale Foreclosure. The Lessor shall have the power and authority, to the extent provided by law, after proper notice and lapse of such time as may be required by the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. Section 40-49, as amended from time to time (the "Act"), to sell the Security Property at the time and place of sale fixed by the Lessor in said notice of sale, either as a whole, or in separate lots or parcels and in such order as the Lessor may elect, at auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, all in accordance with the Act and any other applicable laws of the jurisdiction in which the Leased Properties are located, it being acknowledged that A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW THE LESSOR TO TAKE THE SECURITY PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT BY THE LESSEE.

40.2.2 Judicial Foreclosure. The Lessor may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Security Property, or, subject to the terms and conditions of the Lease, against the Lessee for the Rent, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the

Security Property, or for the enforcement of any other appropriate legal or equitable remedy.

40.2.3 Appointment of Receiver. Without regard to the Lessor's election of nonjudicial power of sale foreclosure or judicial foreclosure, the Lessor shall be entitled to the appointment of a receiver by any court of competent jurisdiction, without notice and without regard to the sufficiency or value of any security for the indebtedness secured hereby or the solvency of any party bound for its payment. The receiver shall have all of the rights and powers permitted under the laws of the state within which the Leased Properties are located.

40.2.4 Waiver of Appraisement Appraisement of the Leased Properties is hereby waived or not waived at the option of the Lessor, such option to be exercised at or prior to the time judgment is rendered in any judicial foreclosure.

40.2.5 ADDITIONAL REMEDIES. IT IS THE INTENT OF THE PARTIES HERETO THAT, UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT, THE LESSOR SHALL HAVE THE REMEDIES PROVIDED FOR IN THIS SECTION 40.2; PROVIDED, HOWEVER, THAT (i) IN LIEU OF THE REMEDIES PROVIDED FOR IN THIS LEASE, THE LESSOR, AT ITS ELECTION, MAY REQUIRE THE LESSEE TO PURCHASE THE LEASED PROPERTIES AND, IN THE EVENT THAT THE LESSEE PURCHASES THE LEASED PROPERTIES AS PROVIDED IN SECTION 16.4 OF THIS LEASE, THE REMEDIES SET FORTH HEREIN SHALL NOT BE AVAILABLE TO THE LESSOR WITH RESPECT TO SUCH EVENT OF DEFAULT, AND (ii) IN THE EVENT THAT, NOTWITHSTANDING THE INTENTION OF THE PARTIES, A COURT OF COMPETENT JURISDICTION DETERMINES THAT THE REMEDIES IN THIS SECTION 40.2 ARE UNENFORCEABLE, THE LESSOR SHALL HAVE, AS A RESULT OF SUCH DETERMINATION, IN LIEU OF THE REMEDIES IN THIS SECTION 40.2, ANY AND ALL OF THE OTHER REMEDIES PROVIDED FOR IN ARTICLE 16 OF THIS LEASE. TO THE EXTENT NOT IN CONFLICT WITH APPLICABLE LAW OR THE LESSEE'S OBLIGATIONS THEREUNDER, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PROVISIONS OF 11 U.S.C. SECTION 502(b)(6) ARE NOT APPLICABLE TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE.

40.2.6 Cure by Purchase of Leased Properties. Notwithstanding anything to the contrary contained herein, the Lessee may cure any Event of Default affecting or relating to the Leased Properties by purchasing the Leased Properties as provided in Section 16.4 of this Lease.

ARTICLE XLI

GRANT OF SECURITY INTEREST

41.1 GRANT OF SECURITY INTEREST. The Lessee hereby pledges, assigns and grants to the Lessor a security interest in and to the Collateral to secure the prompt and complete payment and performance of all of Lessee's covenants, agreements and obligations under this Lease.

41.2 UCC REPRESENTATIONS AND WARRANTIES. Lessee and Guarantor represent and warrant to the Lessor that:

41.2.1 Authorization, Validity and Enforceability. Lessee has good and valid power to grant a security interest hereunder, free and clear of all Encumbrances except for Encumbrances permitted under Section 41.3.6, and has full power and authority to grant to the Lessor the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against the Lessee in the locations listed on EXHIBIT P, the Lessor will have a fully perfected, first priority, security interest in that Collateral in which a security interest may be perfected by filing, subject only to Encumbrances permitted under Section 41.3.6.

41.2.2 Conflicting Laws and Contracts. Neither the execution and delivery by the Lessee of this Lease, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any Lessee or Lessee's articles or certificate of incorporation or by-laws, partnership agreements, or operating agreements, as the case may be, the provisions of any indenture, instrument or agreement to which Lessee is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Encumbrance pursuant to the terms of any such indenture, instrument or agreement.

41.2.3 Type and Jurisdiction of Organization. The organizational type and jurisdiction for Lessee and Guarantor are set forth in the Preamble.

41.2.4 Principal Location. Each of the Lessee's and Guarantor's mailing address and the location of its place of business (if it has only one) or its chief executive office, is disclosed in EXHIBIT P; Lessee has no other places of business except those set forth in EXHIBIT P.

41.2.5 Property Locations. All of the Collateral is located solely in Tulsa, Oklahoma, on or connected with the Land or the Leased Improvements.

41.2.6 No Other Names. Lessee has not conducted business under any name except the name in which it has executed this Lease, which is the exact name as it appears in the Lessee's organizational documents, as amended, as filed with the Lessee's jurisdiction of organization.

41.2.7 No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Lessee as debtor has been filed in any jurisdiction except (i) financing statements naming the Lessor as the secured party, and (ii) as permitted by Section 41.3.6. None of the Equipment is covered by any certificate of title.

41.2.8 Federal Employer Identification Number. The Federal employer identification numbers for both Lessee and Guarantor are set forth on EXHIBIT P.

41.3 UCC COVENANTS. The following covenants shall apply to the Collateral.

41.3.1 Inspection. Lessee and Guarantor will permit the Lessor, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies

of the records of the Lessee relating to the Collateral and (iii) to discuss the Collateral and the related records of Lessee and Guarantor with, and to be advised as to the same by, the Lessee's and Guarantor's respective officers and employees, all at such reasonable times and intervals as the Lessor may determine, and all at the Lessee's and Guarantor's expense.

41.3.2 Taxes. Lessee and Guarantor will pay or cause to be paid when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate Proceedings and with respect to which no Encumbrance exists.

41.3.3 Records and Reports; Notification of Default. Lessee will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Lessor such reports relating to the Collateral as the Lessor shall from time to time request. Each of the Lessee and Guarantor will give prompt notice in writing to the Lessor of the occurrence of any Event of Default and of any other development, financial or otherwise, which might materially and adversely affect the Collateral.

41.3.4 Financing Statements and Other Actions; Defense of Title. Both Lessee and Guarantor hereby authorize the Lessor to file and if requested will execute and deliver to the Lessor all financing statements and other documents and take such other actions as may from time to time be requested by the Lessor in order to maintain a first perfected security interest in and, if applicable, control of, the Collateral. Lessee and Guarantor will take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Lessor in the Collateral and the priority thereof against any Encumbrance not expressly permitted hereunder.

41.3.5 Disposition of Collateral. Lessee will not sell, lease or otherwise dispose of the Collateral except (i) prior to the occurrence of an Event of Default, dispositions specifically permitted pursuant to this Lease, (ii) until such time following the occurrence of an Event of Default as Lessee receives a notice from the Lessor instructing the Lessee to cease such transactions, sales or leases of Inventory in the ordinary course of business, and (iii) until such time as Lessee receives a notice from the Lessor, proceeds of Inventory collected in the ordinary course of business.

41.3.6 Encumbrances. Neither Lessee nor Guarantor will create, incur, or suffer to exist any Encumbrance on the Collateral except (i) the security interest created by this Lease, and (ii) Permitted Encumbrances.

41.3.7 Change of Name or Mailing Address. Lessee will not (i) change its name or taxpayer identification number or (ii) change its mailing address, unless Lessee shall have given the Lessor not less than thirty (30) days' prior written notice of such event or occurrence and the Lessor shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Lessor's security interest in the Collateral, or (y) taken such steps (with the cooperation of Lessee and Guarantor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Lessor's security interest in the Collateral.

41.3.8 Other Financing Statements. Lessee will not sign or authorize the signing on its behalf of the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by Section 41.3.6.

41.3.9 Maintenance of Goods. Lessee will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working condition.

41.4 ACCELERATION AND REMEDIES. Upon the acceleration of the Rent pursuant to the terms hereof, the Lessor may exercise any or all of the following rights and remedies:

41.4.1 UCC Remedies. Those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law when a debtor is in default under a security agreement.

41.4.2 Disposal. Without notice except as specifically provided elsewhere in this Lease, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Lessor may deem commercially reasonable.

41.4.3 Compliance with Law. The Lessor may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

41.5 OBLIGATIONS UPON DEFAULT. Upon the request of the Lessor after the occurrence of an Event of Default, both Lessee and Guarantor will:

41.5.1 Assembly of Collateral. Assemble and make available to the Lessor the Collateral and all records relating thereto at any place or places specified by the Lessor.

41.5.2 Lessor Access. Permit the Lessor, by the Lessor's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

41.6 ADDITIONAL UCC PROVISIONS. The following additional provisions shall apply to the Collateral:

41.6.1 Notice of Disposition of Collateral; Condition of Collateral. Notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral shall be deemed reasonable if sent to the Lessee at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Lessor shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

41.6.2 Lessor Performance of Lessee Obligations. Without having any obligation to do so, the Lessor may perform or pay any obligation which Lessee has agreed to perform or pay in this Lease and Lessee and Guarantor shall reimburse the Lessor for any amounts paid by the Lessor pursuant to this Section 41.6.2.

41.6.3 Authorization for Lessor to Take Certain Action. Lessee irrevocably authorizes the Lessor at any time and from time to time in the sole discretion of the Lessor and appoints the Lessor as its attorney-in-fact (i) to execute on behalf of Lessee and to file financing statements necessary or desirable in the Lessor's sole discretion to perfect and to maintain the perfection and priority of the Lessor's security interest in the Collateral, (ii) to indorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Lease or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Lessor in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Lessor's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Lessor to the Rent, and (v) to discharge past due taxes, assessments, charges, fees or Encumbrances on the Collateral (except for such Encumbrances as are specifically permitted hereunder), and Lessee and Guarantor agree to reimburse the Lessor on demand for any payment made or any expense incurred by the Lessor in connection therewith, provided that this authorization shall not relieve Lessee or Guarantor of any obligations under this Lease.

41.6.4 Dispositions Not Authorized. Neither Lessee or Guarantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 41.3.5 and notwithstanding any course of dealing between Lessee and Guarantor, and Lessor or other conduct of the Lessor, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 41.3.5) shall be binding upon the Lessor unless such authorization is in writing signed by the Lessor.

ARTICLE XLII

PURCHASE OPTIONS

42.1 OPTION TO PURCHASE. For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and in addition to Lessor's right to require Lessee to purchase the Leased Properties as set forth in Section 16.4, Lessor hereby grants to Lessee the option to purchase the Leased Properties or portions thereof, which option may be exercised by Lessee at any time during the Terms, all pursuant to the terms and conditions set forth on EXHIBIT O.

42.2 PUT OPTION OF LESSOR. For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessee grants to Lessor the right for Lessor to require Lessee to purchase the Leased Properties or portions thereof, either (i) any time after the date which is ninety (90) days prior to the Realty Expiration Date, or (ii) otherwise pursuant to the provisions of Section 14.8, subject to the same terms, covenants and conditions applicable to Lessee's Option to Purchase as set forth in Section 42.1 and as described on EXHIBIT O.

42.3 TERMINATION OF LEASE. In the event of Exercise of Option as set forth herein and the acquisition of Leased Properties by Lessee, this Lease shall terminate effective as of the closing of such purchase.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the parties hereto have respectively executed this Lease effective as of the Effective Date.

LESSOR

WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: /s/ Mark W. Husband

Name: Mark W. Husband

Title: Assistant Treasurer

LESSEE

WILLIAMS TECHNOLOGY CENTER, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

GUARANTOR

WILLIAMS COMMUNICATIONS, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

WCG - FOR THE LIMITED PURPOSE OF SECTION 8.2, 8.3, ARTICLE XVII, AND SECTION 23.2

WILLIAMS COMMUNICATIONS GROUP, INC. A Delaware Corporation

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

EXHIBIT A	-	Center Parcel Real Property Description
EXHIBIT B	-	Parking Structure Parcel Property Description
EXHIBIT C	-	Credit Agreement
EXHIBIT D	-	Lessee's Certificate
EXHIBIT E	-	Permitted Encumbrances
EXHIBIT F	-	Consent and Non-Disturbance Agreement
EXHIBIT G	-	Memorandum or Short Form of Lease
EXHIBIT H	-	Guaranty
EXHIBIT I	-	Interest Rate Calculation
EXHIBIT J	-	Realty Base Rent Computation
EXHIBIT K	-	Category 1 FF&E Tangible Personal Property Description
EXHIBIT L	-	Category 1 FF&E Base Rent Computation
EXHIBIT M	-	Category 2 FF&E Tangible Personal Property Description
EXHIBIT N	-	Category 2 FF&E Base Rent Computation
EXHIBIT O	-	Option to Purchase/Put Option Terms
EXHIBIT P	-	UCC Information
SCHEDULE 22.2	-	Sublease Parties

EXHIBIT A

Center Parcel Real Property Description

The Easterly Half (E/2) of Block Eighty-eight (88), ORIGINAL TOWN OF TULSA, located in the City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof, more particularly described as follows:

BEGINNING at the Southeasterly corner of Block 88; thence Northerly 300 feet along the Easterly line of Block 88 to the Northeasterly corner of said Block; thence Westerly along the Northerly line of said Block a distance of 150 feet to a point; thence Southerly a distance of 300 feet to a point on the Southerly line of said Block; thence Easterly along the Southerly line 150 feet to the Point of Beginning.

AND, the following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, a portion of South Cincinnati Avenue adjacent to Blocks 88 and 87, Original Townsite, Tulsa County, State of Oklahoma and said portion of East Second Street adjacent to Blocks 88 and 106, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of Three (3) feet lower than the driving lanes of said roadway. Said potion of streets being more fully described as follows to wit:

Commencing at the point of beginning, said point being the northeast corner of Block 88; thence westerly along the northerly line of said Block 88 a distance of 160.00 feet; thence northerly and perpendicular to the northerly line of said Block 88 a distance of 3.50 feet; thence easterly and parallel the northerly line of said Block 88 a distance of 166.75 feet; thence southerly and parallel the easterly line of said Block 88 a distance of 311. 50 feet; thence westerly and parallel the southerly line of Block 88 a distance of 166.75 feet; thence northerly a distance of 8.00 feet to a point on the southerly line of said Block 88, said point being 10.00 feet westerly from the southwest corner of Lot 6, Block 88; thence easterly along the southerly line of Block 88 a distance of 160.00 feet to the southeast corner of Lot 6 Block 88; thence northerly along the easterly line of Block 88 a distance of 300.00 feet to the point of beginning.

Skywalk No. 1

The following described property:

A portion of South Cincinnati Avenue adjacent to Blocks 73 and 74, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of South Cincinnati Avenue being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southwest corner of Lot 3 Block 74, Original Townsite; thence northerly along the westerly line a distance of 32.00 feet of said Lot 3, Block 74; thence westerly and perpendicular a distance of

80.00 feet to a point on the easterly line of Lot 1, Block 73, Original Townsite; thence southerly along the easterly line a distance of 32.0 feet of said Lot 1, Block 73; thence easterly and perpendicular a distance of 80.00 feet to the point of beginning.

Skywalk No. 2

The following described:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of East First Street being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southeast corner of Lot 1, Block 73, Original Townsite; thence westerly along the southerly line of Lot 1 Block 73 a distance of 26.00 feet; thence southerly and perpendicular a distance of 80.00 feet to a point on the northerly line of Lot 3, Block 88, Original Townsite; thence easterly along the northerly line of Lot 3 Block 88 a distance of 26.00 feet to the northeast corner of Lot 3, Block 88; thence northerly and perpendicular a distance of 80.00 feet to the point of beginning.

EXHIBIT B

Parking Structure Parcel Property Description

TRACT A:

Lots One (1), Two (2), Three (3) and Four (4), Block Seventy-four (74), ORIGINAL TOWNSITE OF TULSA, now City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof;

TRACT B:

All that part of the Original Tulsa Station and Depot Grounds of the Burlington Northern Railroad Company's Right of Way located in Sections 1 and 2, Township 19 North, Range 12 East of the Indian Base and Meridian, more particularly described as follows, to-wit:

BEGINNING at a point that is the Northwest corner of Block 74, Original Town of Tulsa, now City of Tulsa, Tulsa County, Oklahoma, according to the Official Plat thereof; thence Westerly along the Westerly production of the North line of Block 74, a distance of 80.00 feet to a point, also being the Northeast corner of Block 73, said point also being the Southeast corner of that certain sale to the Tulsa Urban Renewal Authority, dated December 30, 1970, recorded December 30, 1970, in Book 3951 at Pages 1235, 1236, 1237 and 1238, and correction deed dated August 28, 1973; thence Northerly along the Northerly production of the East line of said Block 73 a distance of 200.00 feet; thence Easterly parallel 200.00 feet Northerly of the North line of said Block 74 a distance of 80.00 feet to a point on the Northerly production of the West line of Block 74; thence Southerly along the Northerly production of the West line of Block 74 a distance of 20.00 feet; thence Easterly parallel 180.00 feet Northerly of the North line of said Block 74 a distance of 60.91 feet to a point of intersection with an existing concrete retaining wall; thence Northeasterly along a deflection angle to the left of 5(degree)42'01" a distance of 240.27 feet to a point on the Northerly production of the East line of Block 74; thence Southerly along said Northerly production of the East line of Block 74 a distance of 203.86 feet to the Northeast corner of Block 74; thence Westerly along the Northerly line of Block 74 a distance of 300.00 feet to the Point of Beginning of said tract of land.

AND, the following described property:

A portion of East First Street adjacent to Block 74 and Block 87 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of One (1) foot lower than the driving lanes of said roadway. Said portion of street being more fully described as follows to wit:

Commencing at a point of beginning, said point being the southwest corner of Block 74; thence southerly and perpendicular to the south line of Block 74 a distance of 2.75 feet; thence easterly and parallel to the southerly line of said Block 74 a distance of 302.75 feet; thence northerly and parallel to the easterly line of Block 74 a distance of 191.00 feet; thence westerly and perpendicular a distance of 2.75 feet to the east line of Block 74; thence southerly along the east line of Block 74 a distance of 188.25 feet, thence westerly along the southerly line of Block 74 a distance of 300.00 feet, to the point of beginning.

EXHIBIT C

Credit Agreement

==

$1,500,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

SEPTEMBER 8, 1999

among

WILLIAMS COMMUNICATIONS, LLC,
as Borrower

WILLIAMS COMMUNICATIONS GROUP, INC.,
as Guarantor

THE LENDERS PARTY HERETO,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Syndication Agent

SALOMON SMITH BARNEY INC.

and

LEHMAN BROTHERS, INC.,
as Joint Lead Arrangers and Joint Bookrunners
with respect to the Incremental Facility referred to herein

SALOMON SMITH BARNEY INC.,

LEHMAN BROTHERS, INC.,

and

MERRILL LYNCH & CO., INC.

as Co-Documentation Agents

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ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms....1
SECTION 1.02. Classification of Loans and Borrowings....27
SECTION 1.03. Terms Generally....27
SECTION 1.04. Accounting Terms; GAAP....28

ARTICLE 2 THE CREDITS

SECTION 2.01. Commitments....28
SECTION 2.02. Loans and Borrowings....28
SECTION 2.03. Requests for Borrowings....30
SECTION 2.04. Swingline Loans....30
SECTION 2.05. Letters of Credit....32
SECTION 2.06. Funding of Borrowings....36
SECTION 2.07. Interest Elections....36
SECTION 2.08. Termination and Reduction of Commitments....38
SECTION 2.09. Repayment of Loans; Evidence of Debt....40
SECTION 2.10. Amortization of Term Loans and Incremental Term Loans....41
SECTION 2.11. Prepayment of Loans....43
SECTION 2.12. Fees....45
SECTION 2.13. Interest....46
SECTION 2.14. Alternate Rate of Interest....47
SECTION 2.15. Increased Costs....48
SECTION 2.16. Break Funding Payments....49
SECTION 2.17. Taxes....49
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs....51
SECTION 2.19. Mitigation Obligations; Replacement of Lenders....52
SECTION 2.20. Additional Incremental Facilities and Commitments....53

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Organization; Powers....54
SECTION 3.02. Authorization; Enforceability....54
SECTION 3.03. Governmental Approvals; No Conflicts....54
SECTION 3.04. Financial Condition; No Material Adverse Change....55
SECTION 3.05. Properties....56
SECTION 3.06. Litigation and Environmental Matters....56
SECTION 3.07. Compliance with Laws and Agreements....56
SECTION 3.08. Investment and Holding Company Status....56
SECTION 3.09. Taxes....57
SECTION 3.10. ERISA....57

SECTION 3.11. Disclosure....57
SECTION 3.12. Subsidiaries....57
SECTION 3.13. Insurance....57
SECTION 3.14. Labor Matters....57
SECTION 3.15. Solvency....57
SECTION 3.16. No Burdensome Restrictions....58
SECTION 3.17. Representations in Loan Documents True and Correct....58

ARTICLE 4 CONDITIONS

SECTION 4.01. Effective Date....58
SECTION 4.02. Each Credit Event....58
SECTION 4.03. First Incremental Borrowing Date with Respect to the Incremental Facility....58

ARTICLE 5 AFFIRMATIVE COVENANTS

SECTION 5.01. Financial Statements and Other Information....59
SECTION 5.02. Notices of Material Events....61
SECTION 5.03. Existence; Conduct of Business....62
SECTION 5.04. Payment of Obligations....62
SECTION 5.05. Maintenance of Properties....62
SECTION 5.06. Insurance....62
SECTION 5.07. Casualty and Condemnation....62
SECTION 5.08. Books and Records; Inspection and Audit Rights....62
SECTION 5.09. Compliance with Laws....63
SECTION 5.10. Use of Proceeds and Letters of Credit....63
SECTION 5.11.A Initial Collateral Date....63
SECTION 5.11.B Collateral Event....64
SECTION 5.12. Information Regarding Collateral....65
SECTION 5.13. Additional Subsidiaries....66
SECTION 5.14. Further Assurances....67
SECTION 5.15. Concentration Accounts....67
SECTION 5.16. Dissolution of CNG....67
SECTION 5.17. Sale of Solutions and ATL....67
SECTION 5.18. Qualifying Issuances....68

ARTICLE 6 NEGATIVE COVENANTS

SECTION 6.01. Indebtedness; Certain Equity Securities....68
SECTION 6.02. Liens....70
SECTION 6.03. Fundamental Changes....72
SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions....72
SECTION 6.05. Asset Sales....75
SECTION 6.06. Sale and Leaseback Transactions....76

SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness....................................76
SECTION 6.08. Limitation on Capital Expenditures...77
SECTION 6.09. Transactions with Affiliates...78
SECTION 6.10. Restrictive Agreements...78
SECTION 6.11. Fiscal Year..78
SECTION 6.12. Change in Business...78
SECTION 6.13. Amendment of Material Documents...78
SECTION 6.14. Designation of Unrestricted Subsidiaries...78
SECTION 6.15. Total Net Debt to Contributed Capital Ratio..79
SECTION 6.16. Minimum EBITDA...79
SECTION 6.17. Total Leverage Ratio...80
SECTION 6.18. Senior Leverage Ratio..80
SECTION 6.19. Interest Coverage Ratio..80
SECTION 6.20. Financial Covenant Non-Compliance Cure...80

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default..81

ARTICLE 8 THE AGENTS

SECTION 8.01. Appointment, Powers, Immunities..83
SECTION 8.02. Reliance by Agents...84
SECTION 8.03. Delegation to Sub-Agents...84
SECTION 8.04. Resignation of Agents..85
SECTION 8.05. Non-reliance on Agents or other Lenders..85
SECTION 8.06. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents............85

ARTICLE 9 HOLDINGS GUARANTEE

SECTION 9.01. The Guarantee..85
SECTION 9.02. Guarantee Unconditional..86
SECTION 9.03. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances..............86
SECTION 9.04. Waiver...87
SECTION 9.05. Subrogation..87
SECTION 9.06. Stay of Acceleration...87
SECTION 9.07. Successors and Assigns...87

ARTICLE 10 MISCELLANEOUS

SECTION 10.01. Notices....87
SECTION 10.02. Waivers; Amendments....88
SECTION 10.03. Expenses; Indemnity; Damage Waiver....89
SECTION 10.04. Successors and Assigns....91
SECTION 10.05. Survival....94
SECTION 10.06. Counterparts; Integration; Effectiveness....94
SECTION 10.07. Severability....94
SECTION 10.08. Right of Setoff....94
SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process....94
SECTION 10.10. WAIVER OF JURY TRIAL....95
SECTION 10.11. Headings....95
SECTION 10.12. Confidentiality....95
SECTION 10.13. Interest Rate Limitation....96

SCHEDULE 2.01	-	COMMITMENTS
SCHEDULE 3.05	-	REAL PROPERTY
SCHEDULE 3.06	-	DISCLOSED MATTERS
SCHEDULE 3.12	-	SUBSIDIARIES
SCHEDULE 3.13	-	INSURANCE
SCHEDULE 6.01	-	EXISTING INDEBTEDNESS
SCHEDULE 6.02	-	EXISTING LIENS
SCHEDULE 6.04	-	EXISTING INVESTMENTS
SCHEDULE 6.09	-	EXISTING AFFILIATE AGREEMENTS
SCHEDULE 6.10	-	EXISTING RESTRICTIVE AGREEMENTS

EXHIBIT A	-	FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT B	-	FORM OF BORROWING REQUEST
EXHIBIT C-1	-	FORM OF OPINION OF SPECIAL COUNSEL TO HOLDINGS, THE BORROWER AND THE SUBSIDIARY LOAN PARTIES
EXHIBIT C-2	-	FORM OF OPINION OF THE GENERAL COUNSEL OF HOLDINGS
EXHIBIT D	-	FORM OF SUBSIDIARY GUARANTEE
EXHIBIT E	-	FORM OF REVOLVING NOTE
EXHIBIT F	-	FORM OF TERM NOTE
EXHIBIT G	-	FORM OF INTERCOMPANY NOTE
EXHIBIT H	-	FORM OF INTERCREDITOR AGREEMENT
EXHIBIT I	-	[INTENTIONALLY DELETED]
EXHIBIT J	-	FORM OF PROMISSORY NOTE
EXHIBIT K	-	FORM OF SECURITY AGREEMENT
EXHIBIT L	-	FORM OF INCREMENTAL TERM NOTE

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of September 8, 1999 among Williams Communications, LLC, a Delaware limited liability company, Williams Communications Group, Inc., a Delaware corporation, the LENDERS party hereto, BANK OF AMERICA, N.A., as Administrative Agent, THE CHASE MANHATTAN BANK, as Syndication Agent, and SALOMON SMITH BARNEY INC. and LEHMAN BROTHERS, INC., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein.

WHEREAS, Holdings, the Borrower, the lenders party thereto, Bank of America, N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent and Salomon Smith Barney Inc. and Lehman Brothers, Inc., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein, have entered into an Amendment No. 5 dated as of April 12, 2001 ("Amendment No. 5") pursuant to which such parties have agreed to amend and restate the Existing Agreement referred to therein as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Additional Capital" means the sum of:

(a) $850 million;

(b) the aggregate Net Proceeds received by the Borrower from the issuance or sale of any Qualifying Equity Interests of Holdings, subsequent to the Amendment No. 4 Effective Date; and

(c) the aggregate Net Proceeds from the issuance or sale of Qualifying Holdings Debt subsequent to the Amendment No. 4 Effective Date convertible or exchangeable into Qualifying Equity Interests of Holdings, in each case upon conversion or exchange thereof into Qualifying Equity Interests of Holdings subsequent to the Amendment No. 4 Effective Date;

provided, however, that the Net Proceeds from the issuance or sale of Equity Interests or Debt described in clause (b) or (c) shall be excluded from any computation of Additional Capital to the extent (1) utilized to make a Restricted Payment or (2) such Equity Interests or Debt shall have been issued or sold to the Borrower, a Subsidiary of the Borrower or a Plan.

"Additional Incremental Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility Agreement" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Loan" means an Additional Incremental Revolving Loan or an Additional Incremental Term Loan.

"Additional Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Revolving Loan" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Adjusted EBITDA" means, for any period of four consecutive fiscal quarters:

(i) if such period is a period ending on or after June 30, 1999 and on or before September 30, 2001,

(A) an amount equal to (x)(1) EBITDA for the last fiscal quarter in such period plus (2) ADP Interest Expense for such fiscal quarter minus (3) gain for such fiscal quarter attributable to Dark Fiber and Capacity Dispositions multiplied by (y) four, plus

(B) Dark Fiber and Capacity Proceeds for such period; and

(ii) if such period is any other period,

(A) EBITDA for such period plus (y) ADP Interest Expense for such period minus (z) gain for such period attributable to Dark Fiber and Capacity Dispositions plus

(B) Dark Fiber and Capacity Proceeds for such period.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Bank of America, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"ADP" means the program set forth in the Operative Documents.

"ADP Event of Default" has the meaning assigned to such term in the Intercreditor Agreement.

"ADP Interest Expense" means, for any period, the amount that would be accrued for such period in respect of the Borrower's obligations under the ADP that would constitute "interest expense" for such period if such obligations were treated as Capital Lease Obligations.

"ADP Obligations" means all obligations of Holdings or any Subsidiary under the ADP.

"ADP Outstandings" means, at any time, the amount of the Borrower's obligations at such time in respect of the ADP that would be considered "principal" if such obligations were treated as Capital Lease Obligations.

"ADP Property" has the meaning assigned to the term "Property" in the Participation Agreement.

"Affiliate" means, with respect to a specified Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls (a "controlling Person"), is Controlled by or is under common Control with the specified Person, (ii) any Person that holds, directly or indirectly, 10% or more of the Equity Interests of the specified Person and (iii) any Person 10% or more of the Equity Interests of which are held directly or indirectly by the specified Person or a controlling Person.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and each Co-Documentation Agent.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Amendment No. 4 Effective Date" means March 19, 2001.

"Amendment No. 5" has the meaning set forth in the preamble.

"Amendment No. 5 Effective Date" means the date of effectiveness of Amendment No. 5.

"Applicable Margin" means, for any day, (a) with respect to any Term Loan or Revolving Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

(b) with respect to any Incremental Tranche A Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

	FACILITIES RATING	EURODOLLAR SPREAD	ABR SPREAD	LEVERAGE PREMIUM
LEVEL I	BBB- and Baa3 or higher	1.50%	0.50%	0.25%
LEVEL II	BB+ and Ba1	1.875%	0.875%	0.25%
LEVEL III	BB and Ba2	2.25%	1.25%	0.25%
LEVEL IV	BB- and Ba3	2.50%	1.50%	0.25%
LEVEL V	Lower than BB- or lower than Ba3	2.75%	1.75%	0.25%

and

(c) with respect to any Additional Incremental Loan, the Applicable Margin in respect thereof set forth in the applicable Additional Incremental Facility Agreement.

For purposes of the foregoing clauses (a) and (b), (i) if neither S&P nor Moody's shall have in effect a rating for the Facilities (other than by reason of the circumstances referred to in the last sentence of this definition), then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply (other than with respect to the Leverage Premium or as described in the immediately succeeding sentence or the immediately succeeding paragraph) during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P or Moody's shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any such amendment shall be subject to the provisions of Section 10.02(b).

If the Borrower shall enter into any Additional Incremental Facility Agreement, the Borrower, the Incremental Facility Arrangers and the Administrative Agent, on behalf of the then current Lenders, shall evaluate in good faith at such time whether to amend this definition of Applicable Margin with respect to the Term Loans, the Revolving Loans and the Incremental Tranche A Term Loans. Any such amendment shall be subject to the provisions of Section 10.02(b).

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"ATL" means ATL-Algar Telecom Leste S.A., a Brazilian corporation.

"Attributable Debt" means, on any date, in respect of any lease of Holdings or any Restricted Subsidiary entered into as part of a Sale and Leaseback Transaction subject to Section 6.06(ii), (i) if such

lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bank of America" means Bank of America, N.A.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Williams Communications, LLC, a Delaware limited liability company.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of Holdings and the Restricted Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Holdings and the Restricted Subsidiaries for such period prepared in accordance with GAAP, other than any such capital expenditures that constitute Investments permitted under Section 6.04 (other than Section 6.04(i)); provided that any use during such period of the proceeds of any such Investment made by the recipient thereof for additions to property, plant and equipment and other capital expenditures, as described in this definition, shall (unless such use shall, itself, constitute an Investment permitted under Section 6.04 (other than Section 6.04(i)) constitute "Capital Expenditures".

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalent Investments" means:

(1) Government Securities maturing, or subject to tender at the option of the holder thereof, within two years after the date of acquisition thereof;

(2) time deposits and certificates of deposit of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the law of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, in either case with a maturity date not more than one year from the date of acquisition;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with (a) any bank meeting the qualifications specified in clause (2) above or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing, or subject to tender at the option of the holder of such obligation, within one year after the date of acquisition thereof; provided that, at the time of acquisition, the long-term debt of such state, political subdivision or public instrumentality has a rating of A, or higher, from S&P or A-2 or higher from Moody's or, if at any time neither S&P nor Moody's shaft be rating such obligations, then an equivalent rating from such other nationally recognized rating service as is acceptable to the Administrative Agent;

(5) commercial paper issued by the parent corporation of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, and money market instruments and commercial paper issued by others having one of the three highest ratings obtainable from either S&P or Moody's, or, if at any time neither S&P nor Moody's shall be rating such obligations, then from such other nationally recognized rating service as is acceptable to the Administrative Agent and in each case maturing within one year after the date of acquisition;

(6) overnight bank deposits and bankers' acceptances at (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time;

(7) deposits available for withdrawal on demand with (a) a commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time; and

(8) investments in money market funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7).

"Change in Control" means:

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any shares of capital stock of the Borrower;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the Commission thereunder as in effect on the date hereof) other than the Parent and its subsidiaries, of shares representing more than 35% of either (i) the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) the issued and outstanding capital stock of Holdings;

(c) other than as a result of the consummation of the Spin-Off, the failure of the Parent and its subsidiaries to own, directly or indirectly, (i) more than 75% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) more than 65% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the issued and outstanding capital stock of Holdings;

(d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed by directors so nominated; or

(e) the acquisition of direct or indirect Control of Holdings by any Person or group (other than, prior to the consummation of the Spin-Off, the Parent).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, any Swingline Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender, Swingline Lender or Issuing Bank or by such Lender's, Swingline Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Class" means, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Swingline Loans, Incremental Term Loans or Additional Incremental Loans and, when used in reference to any Commitment or Facility, refers to whether such Commitment or Facility is a Revolving Commitment or Facility, a Term Commitment or Facility, an Incremental Commitment or Facility or an Additional Incremental Commitment or Facility. The Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each Additional Incremental Facility shall constitute a separate Class from the Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each other Additional Incremental Facility, and if an Additional Incremental Facility includes Additional Incremental Revolving Commitments and Additional Incremental Term Commitments, such Additional Incremental Revolving Commitments and Additional Incremental Term Commitments and the Additional Incremental Revolving Loans and Borrowings thereof and the Additional Incremental Term Loans and Borrowings thereof, respectively, thereunder shall constitute separate Classes.

"CNG" means CNG Computer Networking Group, Inc., a Delaware corporation, and its successors and assigns.

"Co-Documentation Agent" means each of Salomon Smith Barney Inc., Lehman Brothers, Inc. and Merrill Lynch & Co., Inc., in each case in its capacity as a co-documentation agent hereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Collateral Document.

"Collateral Documents" means the Security Agreement and all security agreements, pledge agreements, mortgages and other security agreements or instruments or documents executed and delivered pursuant to Section 5.11B, 5.13 or 5.14.

"Collateral Establishment Date" has the meaning assigned to such term in Section 5.11B.

"Collateral Event" means the failure of the Facilities to be rated at least (i) BB- by S&P and (ii) Ba3 by Moody's.

"Collateral Notice has the meaning assigned to such term in Section 5.11B.

"Collateral Release Event" means the occurrence, after the occurrence of a Collateral Event, of the earlier to occur of (i) the termination of the Commitments, the payment in full of all obligations under the Loan Documents and the expiration or termination of all Letters of Credit and (ii) the rating of the Facilities by S&P of BB+ or greater and by Moody's of Ba1 or greater, in each case after giving effect to the release of all Collateral.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means a Revolving Commitment, a Term Commitment, an Incremental Commitment, an Additional Incremental Commitment or any combination thereof (as the context requires).

"Commitment Fee Rate" means, (a) with respect to the Revolving Commitments and the Term Commitments, a rate per annum equal to (x) 1.00% for each day on which Usage is less than 33.3%, (y) 0.75% for each day on which Usage is equal to or greater than 33.3% but less than 66.6% and (z) 0.50% for each day on which Usage is equal to or greater than 66.6% and (b) with respect to the Incremental Tranche A Commitments, 0.75% for each day. For purposes of the foregoing, "Usage" means, on any date, the percentage obtained by dividing (i) in the case of Revolving Commitments, (a) the aggregate Revolving Exposure on such date less the aggregate principal amount of all Swingline Loans outstanding on such date by (b) the aggregate outstanding Revolving Commitments on such date and (ii) in the case of Term Commitments, (a) the aggregate principal amount of all Term Loans outstanding on such date by (b) the sum of the aggregate principal amount of all Term Loans outstanding on such date and the aggregate unused Term Commitments on such date.

"Commitment Fees" has the meaning assigned to such term in Section 2.12.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings and the Restricted Subsidiaries (exclusive of the portion of net income allocable to Persons that are not Restricted Subsidiaries, except to the extent such amounts are received in cash by the Borrower or a Restricted Subsidiary) for such period.

"Consolidated Assets" means, at any date, the consolidated assets of Holdings and the Restricted Subsidiaries.

"Contributed Capital" means, at any date, (i) Total Net Debt at such date plus (ii) without duplication, all cash proceeds received by Holdings on or prior to such date from contributions to the capital, or purchases of common equity securities, of Holdings, including, without limitation, the proceeds of the Equity Issuance, and all other capital contributions made by the Parent and its subsidiaries (other than Holdings and its Subsidiaries) to Holdings, but only to the extent that proceeds of any of the foregoing are contributed by Holdings to the Borrower.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Dark Fiber and Capacity Proceeds" means, for any period, cash proceeds received by Holdings and the Restricted Subsidiaries in respect of Dark Fiber and Capacity Dispositions during such period.

"Dark Fiber and Capacity Disposition" means a lease, sale, conveyance or other disposition of fiber optic cable or capacity for a period constituting all or substantially all of the expected useful life of either the fiber optic cable (in the case of Dark Fiber Disposition) or optronic equipment generating the capacity (in the case of Capacity Disposition) thereof.

"Deemed Subsidiary Investment" has the meaning assigned to such term in Section 6.14.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disqualified Stock" of any Person means any Equity Interest of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Term Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period,

(i Consolidated Net Income for such period,

plus,

(ii to the extent deducted in determining Consolidated Net Income, the sum, without duplication, of (w) interest expense, (x) income tax expense, (y) depreciation and amortization expense and (z) non-cash extraordinary or non-recurring charges (if any), in each case recognized in such period;

minus,

(iii to the extent included in Consolidated Net Income for such period, extraordinary or non-recurring gains (if any), in each case recognized in such period.

"Effective Date" means September 8, 1999.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material, the health effects of Hazardous Materials or safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"Equity Issuance" means the issuance and sale by Holdings of its common stock (x) in an initial public offering or (y) to certain strategic investors other than the Parent or any of its subsidiaries or Affiliates.

"Equity Issuance Registration Statement" means Amendment No. 7 to the Registration Statement on Form S-1 with respect to the Equity Issuance filed by Holdings with the Commission on September 2, 1999.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article 7.

"Excess Cash Flow" means, for any fiscal period, the sum (without duplication) of:

(a) the Consolidated Net Income (or loss) of Holdings and the Restricted Subsidiaries for such period, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization, non-cash interest expense and other non-cash charges or losses deducted in determining Consolidated Net Income (or loss) for such period; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such period plus (ii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries increased during such period plus (iii) the aggregate principal amount of Capital Lease Obligations and other Indebtedness incurred during such period to finance Capital Expenditures, to the extent that mandatory principal payments in respect of such Indebtedness would not be excluded from clause (f) below when made; minus

(d) the sum of (i) any non-cash gains included in determining Consolidated Net Income (or loss) for such period plus (ii) the amount, if any, by which Net Working Capital increased during such period plus (iii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries decreased during such period; minus

(e) Capital Expenditures for such period; minus

(f) the aggregate principal amount of long-term Indebtedness (including pursuant to Capital Lease Obligations) repaid or prepaid by Holdings and the Restricted Subsidiaries during such period, excluding (i) Indebtedness in respect of Revolving Loans, Incremental Revolving Loans, Additional Incremental Revolving Loans and Letters of Credit, (ii) Term Loans, Incremental Term Loans and Additional Incremental Term Loans prepaid pursuant to Section 2.11(b) or (c), (iii) repayments or prepayments of Indebtedness financed by incurring other Indebtedness, to the extent that mandatory principal payments in respect of such other Indebtedness would not be excluded from this clause (f) when made and (iv) Indebtedness referred to in Sections 6.01(d), 6.01(f), 6.01(g), 6.01(i), 6.01(j), 6.01(k) and 6.01(o).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is a resident or is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)) or any Participant that would be a Foreign Lender if it were a Lender, any withholding tax that (i) is imposed on or with respect to amounts

payable to such Foreign Lender or Participant at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or such Participant become a Participant, except to the extent that such Foreign Lender (or its assignor, if any) or Participant was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender or Participant's failure to comply with Section 2.17(e).

"Existing International Joint Ventures" means ATL, PowerTel Limited and Telefonica Manquehue, S.A.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of Holdings or the Borrower, as the case may be.

"First Incremental Borrowing Date" means the date on which the first Borrowing under the Incremental Facility is made in accordance with Section 4.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia, other than a Subsidiary that is (whether as a matter of law, pursuant to an election by such Subsidiary or otherwise) treated as a partnership in which any Subsidiary that is not a Foreign Subsidiary is a partner or as a branch of any Subsidiary that is not a Foreign Subsidiary for United States income tax purposes.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations fully and unconditionally guaranteed or insured by, the United States of America or any agency or instrumentality thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged and which are not callable or redeemable at the issuer's option; provided that, for purposes of the definition of "Cash Equivalents Investments" only, such obligations shall not constitute Government Securities if they are redeemable or callable at a price less than the purchase price paid by the Borrower or the applicable other Restricted Subsidiary, together with all accrued and unpaid interest, if any, on such Government Securities.

"Granting Lender" has the meaning set forth in Section 10.04(b)(2).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

"Hedge Counterparty" means each Lender that is, and each affiliate of any Lender that is, a counterparty under a Hedging Agreement entered into with the Borrower or any other Restricted Subsidiary.

"Hedging Agreement" means any interest rate protection agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"High Yield Notes" means the notes issued by Holdings (i) the terms of which either (A) are substantially similar to the terms set forth in the Notes Offering Registration Statement or (B) are otherwise approved by the Administrative Agent and the Syndication Agent after consultation with the Required Banks and (ii) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date.

"Holdings" means Williams Communications Group, Inc., a Delaware corporation.

"Incremental Commitments" means the Incremental Tranche A Commitments.

"Incremental Facility" means the Incremental Tranche A Facility.

"Incremental Facility Arrangers" means Salomon Smith Barney Inc. and Lehman Brothers, Inc., in their respective capacities as joint lead arrangers of the Incremental Facility.

"Incremental Lenders" means the Incremental Tranche A Lenders.

"Incremental Term Loans" means the Incremental Tranche A Term Loans.

"Incremental Tranche A Amortization Date" means December 31, 2002.

"Incremental Tranche A Commitments" means with respect to each Incremental Tranche A Lender, the commitment, if any, of such Lender to make Incremental Tranche A Term Loans hereunder during the Incremental Tranche A Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Incremental Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Tranche A Term Commitment is set forth on

Schedule 2.01(b), or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Incremental Tranche A Term Commitment, as applicable. The initial aggregate amount of the Incremental Tranche A Lenders' Incremental Tranche A Term Commitments is $450,000,000.

"Incremental Tranche A Commitment Termination Date" means the date that is the earlier of (i) 180 days after the Amendment No. 5 Effective Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Incremental Tranche A Facility" means the Incremental Tranche A Commitments and the Incremental Tranche A Term Loans hereunder.

"Incremental Tranche A Lenders" means a Lender with an Incremental Tranche A Commitment or an outstanding Incremental Tranche A Term Loan.

"Incremental Tranche A Maturity Date" means September 8, 2006.

"Incremental Tranche A Term Loan" means a Loan made pursuant to Section 2.01(b)(i).

"Incremental Tranche A Term Loan Availability Period" means the period from and including the First Incremental Borrowing Date to but excluding the earlier of (i) the Incremental Tranche A Commitment Termination Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all (x) Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Indebtedness only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor) and (y) ADP Outstandings, if any, of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (j) any Disqualified Stock and (k) all obligations under any Hedging Agreements or Permitted Specified Security Hedging Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of the Borrower and the other Subsidiaries shall exclude any Indebtedness of Holdings that would otherwise constitute Indebtedness of the Borrower or any such Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d), and Indebtedness of Holdings and the Subsidiaries shall exclude any Indebtedness of the Parent that would otherwise constitute Indebtedness of Holdings or any Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated August 1999 relating to the Parent, Holdings, the Borrower and the Transactions.

"Initial Collateral Date" means the first date on which the Parent ceases to own at least a majority of the outstanding securities having ordinary voting power of Holdings, whether as a result of the consummation of the Spin-Off or otherwise.

"Intercreditor Agreement" means the Intercreditor Agreement, substantially in the form of Exhibit H hereto, among the Lenders, the Parent, Holdings and the Borrower.

"Interest Coverage Ratio" means, at any date, the ratio of (i) the amount equal to (A) EBITDA plus (B) ADP Interest Expense minus (C) gains attributable to Dark Fiber and Capacity Dispositions plus (D) Dark Fiber and Capacity Proceeds to (ii) Interest Expense, in each case for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"Interest Expense" means, for any period, the cash interest expense of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP plus ADP Interest Expense for such period, net of interest income for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, or six months (or if corresponding funding is available to each Lender of the applicable Class, twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America and Chase, each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such affiliate with respect to Letters of Credit issued by such affiliate.

"Investment" has the meaning assigned to such term in Section 6.04.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have

not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01, any Additional Incremental Lender that shall become a Lender pursuant to Section 2.20 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders and the Additional Incremental Lenders.

"Leverage Target Date" means the first date on or after March 31, 2002 on which the Total Leverage Ratio for the fiscal quarter (or fiscal year, as the case may be) most recently ended and with respect to which Holdings and the Borrower shall have delivered the financial statements required to be delivered by them with respect to such fiscal quarter (or fiscal year, as the case may be) pursuant to Section 5.01(a) or 5.01(b) does not exceed 3.5:1.0.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Parent Guarantee, the Subsidiary Guarantee, the Intercreditor Agreement, any Additional Incremental Facility Agreement and the Collateral Documents (if any).

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loan Party Guarantees" means the Subsidiary Guarantee.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Mark-to-Market Valuation" means, at any date with respect to any Hedging Agreement or Permitted Specified Security Hedging Transaction, all net obligations under such Hedging Agreement or Permitted Specified Security Hedging Transaction in an amount equal to (i) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has been closed out, the termination value thereof or (ii) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any

recognized dealer in Hedging Agreements or other transactions similar to such Hedging Agreement or Permitted Specified Security Hedging Transaction."

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of Holdings and the Restricted Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings or any Restricted Subsidiary in respect of any Hedging Agreement or Permitted Specified Security Hedging Transaction at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Restricted Subsidiary would be required to pay if such Hedging Agreement or Permitted Specified Security Hedging Transaction were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations.

"Mortgage Establishment Date" has the meaning assigned to such term in Section 5.11B(b).

"Mortgaged Property" means each parcel of real property and the improvements thereto owned by a Loan Party with respect to which a Mortgage is granted pursuant to Section 5.11B(b).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by Holdings and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by Holdings and the Restricted Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings and the Restricted Subsidiaries, and the amount of any reserves established by Holdings and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of Holdings).

"Net Working Capital" means, at any date, (a) the consolidated current assets of Holdings and the Restricted Subsidiaries as of such date (excluding cash and Cash Equivalent Investments) minus (b) the consolidated current liabilities of Holdings and the Restricted Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Notes Offering" means the public offering and sale of the High Yield Notes.

"Notes Offering Registration Statement" means Amendment No. 6 to the Registration Statement on Form S-1 with respect to the Notes Offering filed by Holdings with the Commission on September 2, 1999.

"Obligations" means (i) obligations under the Loan Documents, including (x) all principal of and interest (including, without limitation, Post-Petition Interest) on any Loan under, or any Note issued pursuant to, or any reimbursement obligation under any Letter of Credit under, the Credit Agreement and (y) all other amounts payable under the Loan Documents and (ii) obligations of any Loan Party under any Hedging Agreement with any Lender or any affiliate of any Lender, including, without limitation, a conditional obligation to make a future payment under an outstanding Hedging Agreement.

"Operative Documents" has the meaning set forth in the Participation Agreement.

"Other Financing Documents" means all agreements, instruments and other documents entered into or related to the Equity Issuance and the Notes Offering.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent" means The Williams Companies, Inc., a Delaware corporation.

"Parent Indemnity" means the Indemnification Agreement dated as of September 1, 1999 between the Parent and Holdings.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of September 2, 1998, as amended from time to time, among the Borrower, State Street Bank and Trust Company of Connecticut, National Association, as trustee, the Noteholders and Certificate Holders named therein, State Street Bank and Trust Company, as collateral agent, and Citibank, N.A., as agent, and the other agents, arrangers and managing agents party thereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of Holdings or any Restricted Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Receivables Disposition" means any transfer (by way of sale, pledge or otherwise) by the Borrower or any Restricted Subsidiary to any other Person (including a Receivables Subsidiary) of accounts receivable and other rights to payment (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise and including the right to payment of interest or finance charges) and related contract and other rights and property (including all general intangibles, collections and other proceeds relating thereto, all security therefor (and the property subject thereto), all guarantees and other agreements or arrangements of whatsoever character from time to time supporting such right to payment, and all other rights, title and interest in goods relating to a sale which gave rise to such right of payment) in connection with a Permitted Receivables Financing.

"Permitted Receivables Financing" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $250,000,000 on terms reasonably satisfactory to all the Incremental Facility Arrangers (if any) and the Administrative Agent.

"Permitted Specified Security Hedging Transactions" means options, collars, forwards and other similar transactions (including, without limitation, prepaid forward transactions, collar/loan transactions and other similar transactions) with respect to any Specified Security entered into by the Borrower or any of its Subsidiaries to monetize the value of and/or hedge against changes in the market price of such Specified Security."

"Permitted Telecommunications Asset Disposition"means the transfer, conveyance, sale, lease or other disposition of an interest in or capacity on (1) optical fiber and/or conduit and any related equipment, technology or software used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would retain the right to use at least the minimum retained capacity set forth below:

(i) with respect to any Segment constructed by, for or on behalf of the Borrower or any Subsidiary or Affiliate, (x) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (y) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; and

(ii) with respect to any Segment purchased or leased from third parties, the lesser of (x) 50% of the optical fibers per route mile originally purchased or leased on such Segment, (y) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (z) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; or

(2) single strand fiber used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would not eliminate all capacity between the endpoint cities connected by any fiber of the Borrower or its Restricted Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Post-Petition Interest" means any interest that accrues after the commencement of any case, proceeding or action relating to the bankruptcy, reorganization or insolvency of the Borrower (or would accrue but for the operation of applicable bankruptcy, reorganization or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of Holdings or any Restricted Subsidiary, other than Dark Fiber and Capacity Dispositions and dispositions permitted under clauses (a) through (d) and (f) through (i) of Section 6.05 and except as contemplated by Sections 5.17 and 5.18; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset or purchase similar property or assets within 360 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01.

"Prepayment Portion" means in respect of any prepayment to be made pursuant to Section 2.11(b) or 2.11(c), a fraction, the numerator of which is the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate principal amount and the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction pursuant to Section 2.08(f) or (g) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Dallas, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning set forth in Section 3.04(d).

"Qualifying Borrower Indebtedness" means, unsecured Indebtedness of the Borrower to Holdings that (i) does not require the payment of any principal or cash interest prior to the first anniversary of the Term Maturity Date, (ii) is not redeemable by, or convertible or exchangeable for securities of the Borrower or any of its Subsidiaries that are redeemable by, the holder thereof, and not subject to any required sinking fund or other similar payment, prior to the first anniversary of the Term Maturity Date, (iii) is subordinated to the Obligations pursuant to subordination provisions at least as favorable to the holders of the Obligations as the provisions set forth in Exhibit J hereto and (iv) includes no covenants, events of default or acceleration provisions other than a customary bankruptcy default and acceleration provision.

"Qualifying Equity Interest" means, with respect to Holdings or the Borrower, Equity Interests of Holdings or the Borrower, as the case may be, that (i) are not mandatorily redeemable or redeemable at the option of the holder thereof, (ii) are not convertible into or exchangeable for debt securities of Holdings or any Restricted Subsidiary, Equity Interests in any Restricted Subsidiary or Equity Interests that are not Qualifying Equity Interests of Holdings, (iii) are not required to be repurchased or redeemed by Holdings or any Restricted Subsidiary and (iv) do not require the payment of cash dividends, in each of the foregoing cases, prior to the date that is one year after the Term Maturity Date.

"Qualifying Holdings Debt" means unsecured debt of Holdings (other than the High Yield Notes) (i) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date, (ii) the payment of the principal of and interest on which and other payment obligations of Holdings in respect of which are subordinated to the prior payment in full in cash of the principal of and interest (including Post-Petition Interest) on the Loans and all other obligations under the Loan Documents and (iii) the terms and conditions of which are reasonably satisfactory to the Required Lenders.

"Qualifying Issuances" means (i) any issuance of Qualifying Equity Interests of Holdings, (ii) any issuance of unsecured Indebtedness described in clauses (a) or (b) of the definition thereof of Holdings or the Borrower, and (iii) any Sale and Leaseback Transaction by the Borrower or a Restricted Subsidiary the subject property of which is the building under construction as of the Amendment No. 4 Effective Date and adjacent to One Williams Center, together with the parking garage adjacent thereto, or any one or more of three corporate jets identified by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date, so long as the terms and conditions of any such Indebtedness or Sale and Leaseback Transaction shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Receivables Subsidiary" means any wholly-owned Unrestricted Subsidiary (regardless of the form thereof) of the Borrower formed solely for the purpose of, and which engages in no other activities except those necessary for, effecting Permitted Receivables Financings.

"Reduction Portion" means, in respect of any reduction of Revolving Commitments or Additional Incremental Revolving Commitments to be made pursuant to Section 2.08(f) or (g), a fraction, the numerator of which is the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate Commitments and the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under Section 2.11(b) or 2.11(c) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Reorganization" means the contribution to the Borrower by the Parent and its subsidiaries (other than Holdings and the Subsidiaries) of its material subsidiaries that hold interests in international communications projects (other than Algar Telecom S.A. (formerly known as Lightel S.A.) and by Holdings of all of its material subsidiaries (other than the Borrower and its subsidiaries), in each case not previously held, directly or indirectly, by the Borrower.

"Required Lenders" means, at any time, Lenders having outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments representing more than 50% of the sum of the total outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such shares of capital stock of Holdings, the Borrower or any Subsidiary.

"Restricted Subsidiary" means the Borrower and each other Subsidiary (other than any Foreign Subsidiary) of Holdings that has not been designated as an Unrestricted Subsidiary pursuant to and in compliance with Section 6.14. On the Effective Date, all Subsidiaries (other than (i) each Structured Note Trust and (ii) any Foreign Subsidiary) of Holdings are Restricted Subsidiaries.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $525,000,000.

"Revolving Commitment Reduction Date" means September 30, 2002.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Facility" means the Revolving Commitments and the Revolving Loans hereunder.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Revolving Maturity Date" means the sixth anniversary of the Effective Date.

"Sale and Leaseback Transaction" has the meaning set forth in Section 6.06.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"Security Agreement" means the security agreement substantially in the form of Exhibit K hereto among the Borrower, each Restricted Subsidiary and the Administrative Agent entered into as of the Initial Collateral Date, as amended from time to time.

"Segment" means (i) with respect to the Borrower's and the other Restricted Subsidiaries' intercity network, the through-portion of such network between two local networks and (ii) with respect to a local network of the Borrower and the other Restricted Subsidiaries, the entire through-portion of such network, excluding the spurs which branch off the through-portion.

"Senior Debt" means, at any date, without duplication, all Indebtedness (other than Qualifying Borrower Indebtedness permitted under Section 6.01(p)) of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower, determined on a consolidated basis at such date and the ADP Outstandings at such date; provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of the Borrower and the Restricted Subsidiaries that are subsidiaries of the Borrower then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Mark-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero."

"Senior Leverage Ratio" means, at any date, the ratio of (i) Senior Net Debt at such date, to (ii) Adjusted EBITDA, for the period of four fiscal quarters most recently ended on or prior to such date.

"Senior Net Debt" means, at any date, Senior Debt at such date minus the aggregate amount of all cash and Cash Equivalent Investments of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Solutions" means Williams Communications Solutions, LLC, a Delaware corporation, and its successors and assigns.

"SPC" has the meaning set forth in Section 10.04(b)(2).

"Specified Hedging Agreement" has the meaning set forth in Section 9.01.

"Specified Indebtedness" has the meaning set forth in Section 6.07(b).

"Specified Security" means publicly traded equity securities of actual or prospective customers or vendors of the Borrower and its subsidiaries acquired by the Borrower and its subsidiaries in connection with (or pursuant to warrants, options or rights acquired in connection with) actual or prospective commercial agreements with such customers or vendors; provided that securities of the Borrower or any of its subsidiaries or Affiliates shall not constitute Specified Securities.

"Spin-Off" means the distribution by Parent to its shareholders of all or substantially all of the capital stock of Holdings held by Parent substantially on the terms described by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Structured Note Bridge Indebtedness" means the Indebtedness permitted to be incurred by Holdings pursuant to Section 6.01(t).

"Structured Note Financing" means the issuance by the Structured Note Trust of notes for cash Net Proceeds of up to $1,500,000,000 substantially on the terms and conditions described by the Borrower in the "Term Sheet for Structured Note" included as an attachment to the Borrower's Amendment Request distributed to the Lenders on or prior to March 7, 2001 or otherwise approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Structured Note Trust" means WCG Note Trust and WCG Note Corp., Inc., each of which is an Unrestricted Subsidiary created for the purpose of consummating the Structured Note Financing and conducting no activities other than the consummation of the Structured Note Financing and activities incidental thereto.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of Holdings. For purposes of the representations and warranties made herein on the Effective Date, the term "Subsidiary" includes each of the Borrower and the other Restricted Subsidiaries.

"Subsidiary Designation" has the meaning set forth in Section 6.14.

"Subsidiary Guarantee" means the Subsidiary Guarantee, substantially in the form of Exhibit D, made by the Subsidiary Loan Parties in favor of the Administrative Agent for the benefit of the Lenders, and any Supplements thereto.

"Subsidiary Loan Party" means any Restricted Subsidiary (other than the Borrower) that is not a Foreign Subsidiary; provided that no Receivables Subsidiary shall be a Subsidiary Loan Party for any purpose under the Loan Documents.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lenders" means Bank of America and Chase, each in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Syndication Agent" means Chase, in its capacity as syndication agent hereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telecommunications Assets" means:

(a) any property (other than cash or Cash Equivalent Investments) to be owned or used by the Borrower or any other Restricted Subsidiary and used in the Telecommunications Business; and

(b) Equity Interests of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Equity Interests by the Borrower or any other Restricted Subsidiary from any Person other than an Affiliate of Holdings or the Borrower; provided that such Person is primarily engaged in the Telecommunications Business.

"Telecommunications Business" means the business of:

(a) transmitting, or providing services relating to the transmission of, voice, video or data through owned or leased transmission facilities or the right to use such facilities;

(b) constructing, acquiring, creating, developing, operating, managing or marketing communications networks, related network transmission equipment, software and other devices for use in a communications business;

(c) computer outsourcing, data center management, computer systems integration, reengineering of computer software for any purpose, including, without limitation, for the purposes of porting computer software from one operating environment or computer platform to another or to address issues commonly referred to as "Year 2000 issues";

(d) constructing, managing or operating fiber optic telecommunications networks and leasing capacity on those networks to third parties;

(e) the sale, resale, installation or maintenance of communications systems or equipment; or

(f) evaluating, participating in or pursuing any other activity or opportunity that is primarily related to those identified in (a), (b), (c), (d) or (e) above;

provided that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of Holdings.

"Term Amortization Date" means September 30, 2002.

"Term Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder during the Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Term Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Term Commitment, as applicable. The initial aggregate amount of the Lenders' Term Commitments is $525,000,000.

"Term Commitment Termination Date" means September 8, 2000.

"Term Facility" means the Term Commitments and the Term Loans hereunder.

"Term Lender" means a Lender with a Term Commitment or an outstanding Term Loan.

"Term Loan" means a Loan made pursuant to Section 2.01(a)(i).

"Term Loan Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Term Commitment Termination Date and the date of termination of the Term Commitments.

"Term Maturity Date" means September 30, 2006.

"Total Debt" means, at any date, without duplication, the sum of all Indebtedness of Holdings and the Restricted Subsidiaries, determined on a consolidated basis at such date, and the ADP Outstandings at such date, provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of Holdings and the Restricted Subsidiaries then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Market-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero.

"Total Leverage Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Adjusted EBITDA for the period of four fiscal quarters most recently ended on or prior to such date.

"Total Net Debt" means, at any date, Total Debt at such date, minus the aggregate amount of all cash and Cash Equivalent Investments of Holdings and the Restricted Subsidiaries (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Total Net Debt to Contributed Capital Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Contributed Capital at such date.

"Trading Subsidiary" has the meaning assigned to such term in Section 6.03(c).

"Transactions" means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to an Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (i) any Subsidiary (other than the Borrower) that is designated by the Board of Directors of Holdings as an Unrestricted Subsidiary in accordance with Section 6.14, and (ii) each Structured Note Trust.

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, whether or not the right so to vote has been suspended by the happening of such a contingency.

"Weighted Average Life to Maturity" means, on any date and with respect to the Revolving Commitments, the Term Loans, any Additional Incremental Revolving Commitments of any Class, any Incremental Term Loans, any Additional Incremental Term Loans of any Class or any other Indebtedness or commitments to provide financing, an amount equal to (i) the sum, for each scheduled repayment of Term Loans, Additional Incremental Term Loans or Incremental Term Loans of such Class or of such Indebtedness, as the case may be, to be made after such date, or each scheduled reduction of Revolving Commitments or Additional Incremental Revolving Commitments of such Class or other commitments to provide financing, as the case may be, to be made after such date, of the amount of such scheduled repayment or reduction multiplied by the number of days from such date to the date of such scheduled prepayment or reduction divided by (ii) the aggregate principal amount of such Term Loans, Additional Incremental Term Loans or Incremental Term Loans or of such Indebtedness, as the case may be, or such Revolving Commitments or Additional Incremental Revolving Commitments or other commitments to provide financing, as the case may be.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and

assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

SECTION 2.1. Commitments. Subject to the terms and conditions set forth herein, (a) each Lender agrees (i) to make Term Loans to the Borrower from time to time during the Term Loan Availability Period in a principal amount not exceeding its Term Commitment, if any, (ii) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment, if any, (iii) to make Additional Incremental Term Loans to the Borrower under any Additional Incremental Facility during the period or on the date set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding its Additional Incremental Commitment in respect of such Additional Incremental Facility, if any, and (iv) to make Additional Incremental Revolving Loans to the Borrower under any Additional Incremental Facility during the period set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding at any time its Additional Incremental Revolving Commitment in respect of such Additional Incremental Facility, if any, (b) each Incremental Tranche A Lender agrees to make Incremental Tranche A Term Loans to the Borrower from time to time during the Incremental Tranche A Term Loan Availability Period in a principal amount not exceeding its Incremental Tranche A Commitment, provided that the initial Borrowing under the Incremental Tranche A Facility shall be in an aggregate amount not less than $225,000,000 and shall occur on the First Incremental Borrowing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Additional Incremental Revolving Loans. Amounts repaid in respect of Term Loans, Incremental Term Loans or Additional Incremental Term Loans may not be reborrowed.

SECTION 2.2. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing, Term Borrowing, Additional Incremental Revolving Borrowing, Additional Incremental Term Borrowing and Incremental Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement. At the time that each ABR Borrowing is made, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement; provided that (i) an ABR Revolving Borrowing or ABR Additional Incremental Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or Additional Incremental Revolving Commitments of the applicable Class, as the case may be, (ii) an ABR Revolving Borrowing may be in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) and (iii) an ABR Term Borrowing, ABR Incremental Term Borrowing or ABR Additional Incremental Term Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Term Commitments, Incremental Term Commitments, Additional Incremental Term Commitments of the applicable Class, as the case may be. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, the Term Maturity Date, the Incremental Tranche A Maturity Date or the maturity date set forth in the applicable Additional Incremental Facility Agreement, as applicable.

SECTION 2.3. Requests for Borrowings. To request a Borrowing (other than a Swingline Borrowing), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit B hereto and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Term Borrowing, Incremental Tranche A Term Borrowing, Additional Incremental Revolving Borrowing or Additional Incremental Term Borrowing and, in the case of Additional Incremental Revolving Borrowings and Additional Incremental Term Borrowings, the Additional Incremental Facility under which such Borrowing is to be made;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lenders each agree to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans of either Swingline Lender exceeding $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that neither Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon,

Dallas, Texas time, on the day of a proposed Swingline Loan and shall advise the Administrative Agent as to which Swingline Lender the Borrower desires to provide such Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender indicated by the Borrower in such notice of any such notice received from the Borrower. The applicable Swingline Lender shall make such Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with such Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The applicable Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan made by such Swingline Lender after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank from whom the Borrower is requesting such Letter of Credit and to the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $350,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), provided that a Letter of Credit may include customary "evergreen" provisions and (ii) the date that is five Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as

provided in paragraph Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:30 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 9:30 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the applicable Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor either Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), each Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor, to any other Issuing Bank or to any previous Issuing Bank, or to such successor, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(h) or 7.01(i). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent

and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.6. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Dallas, Texas and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.7. Interest Elections. (a) Each Revolving Borrowing, Additional Incremental Revolving Borrowing, Term Borrowing, Incremental Term Borrowing and Additional Incremental Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of a Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising

such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(f):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless

repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.8. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Commitments shall terminate on the Term Commitment Termination Date, (ii) the Revolving Commitments shall terminate on the Revolving Maturity Date, (iii) the Incremental Tranche A Commitments shall terminate on the Incremental Tranche A Commitment Termination Date and (iv) the Additional Incremental Commitments of any Class shall terminate on the date set forth in the applicable Additional Incremental Facility Agreement.

(b) Subject to adjustment pursuant to Section 2.08(h), the Revolving Commitments outstanding on the Revolving Commitment Reduction Date shall be automatically and permanently reduced in 12 consecutive installments on the last day of each fiscal quarter (except with respect to the final reduction, which shall be on the Revolving Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Revolving Commitments outstanding on the Revolving Commitment Reduction Date) set forth opposite such quarterly scheduled reduction date (or the Revolving Maturity Date) below; provided that the final installment shall reduce the remaining outstanding Revolving Commitments to zero on the Revolving Maturity Date and the payment made in respect thereof shall equal the sum of (x) the then aggregate unpaid principal amount of all Revolving Loans plus (y) all other unpaid amounts owing in respect of Revolving Loans, which payment shall be due and payable not later than the Revolving Maturity Date:

Scheduled Reduction Date	Commitment Reduction
4th Quarter 2002	5.00%
1st Quarter 2003	5.00%
2nd Quarter 2003	5.00%
3rd Quarter 2003	5.00%
4th Quarter 2003	7.50%
1st Quarter 2004	7.50%
2nd Quarter 2004	7.50%
3rd Quarter 2004	7.50%
4th Quarter 2004	12.50%
1st Quarter 2005	12.50%
2nd Quarter 2005	12.50%
Revolving Maturity Date	12.50%

(c) Subject to adjustment pursuant to Section 2.08(h), the Additional Incremental Revolving Commitments of any Class shall be automatically and permanently reduced on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments and (iii) the Borrower shall not terminate or reduce the Additional Incremental Revolving Commitments of any Class if, after giving effect to any concurrent prepayment of Additional Incremental Revolving Loans of such Class in accordance with Section 2.11, the aggregate principal amount of outstanding Additional Incremental Revolving Loans of such Class would exceed the total Additional Incremental Revolving Commitments of such Class.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(d) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments or the Additional Incremental Revolving Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(f) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.08(f) and in Section 2.11(b). In such event, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall, on the third Business Day after such Net Proceeds are received, be automatically and permanently reduced in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any reduction would otherwise be made in respect of such Prepayment Event either (i) the Facilities

shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Reduction Portion in respect of such Prepayment Event; provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no reduction shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a reduction shall be required in accordance with this paragraph (f).

(g) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall be automatically and permanently reduced in an aggregate amount equal to the product of 50% of Excess Cash Flow for such fiscal year and the Reduction Portion in respect of such Excess Cash Flow; provided that if, on the date on which any reduction would otherwise be made pursuant to this Section 2.08(g), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such reduction shall be required pursuant to this Section 2.08(g). Each reduction pursuant to this paragraph shall be made on the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(h) Any reduction of the Revolving Commitments, other than a reduction pursuant to Section 2.08(a) or 2.08(b) above, shall be applied to reduce the subsequent scheduled reductions of Revolving Commitments to be made pursuant to Section 2.08(a) or 2.08(b) above in reverse chronological order. Any reduction of the Additional Incremental Revolving Commitments of any Class, other than a reduction pursuant to Section 2.08(a) or 2.08(c) above, shall be applied to reduce the subsequent scheduled reductions of Additional Incremental Revolving Commitments of such Class to be made pursuant to Section 2.08(a) or 2.08(c) as set forth in the applicable Additional Incremental Facility Agreement.

SECTION 2.9. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, (iii) to the Administrative Agent for the account of each applicable Incremental Lender the then unpaid principal amount of each Incremental Tranche A Term Loan of such Incremental Lender as set forth in Section 2.10, (iv) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Additional Incremental Loan

of any Class of such Lender as set forth in the applicable Additional Incremental Facility Agreement and (v) to each Swingline Lender the then unpaid principal amount of each Swingline Loan made by it on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) and 2.09(c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) No promissory notes evidencing Loans hereunder will be issued unless a Lender requests that a promissory note be issued to it to evidence its Loans of any Class. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans and Incremental Term Loans. (a) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Term Borrowings outstanding on the Term Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Term Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Term Loans outstanding on the Term Commitment Termination Date) set forth opposite such quarterly installment date (or the Term Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Term Loans plus (y) all other unpaid amounts owing in respect of Term Loans and shall be due and payable not later than the Term Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Term Maturity Date	7.50%

(b) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Incremental Tranche A Borrowings outstanding on the Incremental Tranche A Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Incremental Tranche A Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Incremental Tranche A Term Loans outstanding on the Incremental Tranche A Commitment Termination Date) set forth opposite such quarterly installment date (or the Incremental Tranche A Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Incremental Tranche A Term Loans plus (y) all other unpaid amounts owing in respect of the Incremental Tranche A Term Loans, and shall be due and payable not later than the Incremental Tranche A Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Incremental Tranche A Maturity Date	7.50%

(c) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Additional Incremental Term Borrowings of any Class on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Maturity Date, all Revolving Loans shall be due and payable on the Revolving Maturity Date, all Incremental Tranche A Term Loans shall be due and payable on the Incremental Tranche A Maturity Date and all Additional Incremental Loans of any Class shall be due and payable on the final maturity date set forth in the applicable Additional Incremental Facility Agreement.

(e) Any prepayment of a Term Borrowing or an Incremental Term Borrowing shall be applied to reduce the subsequent scheduled repayments of Term Borrowings or Incremental Term Borrowings, respectively to be made pursuant to this Section in reverse chronological order. Any prepayment of an Additional Incremental Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayment of Additional Incremental Term Borrowings of such Class to be made pursuant to this Section as set forth in the applicable Additional Incremental Facility Agreement.

(f) Prior to any repayment of any Term Borrowings or Incremental Term Borrowings hereunder or any Additional Incremental Term Borrowings of any Class, the Borrower shall select the Borrowing or Borrowings of such Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., Dallas, Texas time, three Business Days before the scheduled date of such repayment; provided that each repayment of Term Borrowings or Incremental Term Borrowings or any Additional Incremental Term Borrowings of any Class shall be applied to repay any outstanding ABR Term Borrowings or ABR Incremental Term Borrowings or ABR Additional Incremental Term Borrowings of such Class before any other Borrowings of such Class. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings, Incremental Term Borrowings and Additional Incremental Term Borrowings shall be accompanied by accrued interest on the amount repaid.

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section. All prepayments shall be made without premium or penalty other than, to the extent applicable, amounts payable under Section 2.16.

(b) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings, and if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving

Commitments and Additional Incremental Term Borrowings as provided in this Section 2.11(b) and in Section 2.08(f). In such event, the Borrower shall, within three Business Days after such Net Proceeds are received, prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any prepayment would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Prepayment Portion in respect of such Prepayment Event (such product, the "Prepayment Amount"); provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a prepayment shall be required in accordance with this paragraph (b).

(c) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Borrower shall prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of (i) 50% of Excess Cash Flow for such fiscal year and (ii) the Prepayment Portion in respect of such Excess Cash Flow (such product, the "Excess Cash Flow Prepayment Amount"); provided that if, on the date on which any prepayment would otherwise be made pursuant to this Section 2.11(c), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such prepayment shall be required pursuant to this Section 2.11(c). Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(d) If, on any date, the aggregate Revolving Exposures of all Lenders exceeds the aggregate Revolving Commitments of all Lenders, or the aggregate principal amount of the Additional Incremental Revolving Loans of any Class of all Lenders exceeds the aggregate Additional Incremental Revolving Commitments of such Class of all Lenders, the Borrower shall immediately prepay Revolving Loans or Additional Incremental Revolving Loans of such Class, as the case may be (and, to the extent that any such excess remains after all Revolving Loans have been prepaid, deposit cash collateral with

the Administrative Agent to secure outstanding LC Exposure), in an amount equal to such excess.

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(f); provided that each prepayment of Borrowings of any Class shall be applied to prepay ABR Borrowings of such Class before any other Borrowings of such Class.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments or any Additional Incremental Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent (i) in the case of Revolving Commitments and Term Commitments for the account of each Lender fees for each day during the period from and including the Effective Date to but excluding the date on which such Commitment terminates at a rate equal to the applicable Commitment Fee Rate for such day, (ii) in the case of Incremental Tranche A Commitments for the account of each Incremental Tranche A Lender fees for each day during the period from and including the Amendment No. 5 Effective Date but excluding the Incremental Tranche A Commitment Termination Date at a rate equal to the applicable Commitment Fee Rate for such day and (iii) in the case of any Additional Incremental Facility Commitment, the rate set forth in the applicable Additional Incremental Facility Agreement for such day, in each case on the unused amount of each Commitment of such Lender on such day (collectively, the "COMMITMENT FEES"). Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the applicable Commitments terminate, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the

outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit for each day during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, which fee shall accrue at a rate equal to the Applicable Margin on Eurodollar Revolving Loans for such day on the amount of such Lender's LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) and (ii) to the applicable Issuing Bank a fronting fee in respect of Letters of Credit issued by such Issuing Bank for each day during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure in respect of Letters of Credit issued by such Issuing Bank, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the amount of the LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of Letters of Credit issued by such Issuing Bank, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of Commitment Fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus (i) in the case of any ABR Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility (including each Swingline Loan), the ABR Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any ABR Borrowing under any Additional Incremental Facility, the Applicable Margin for ABR Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus (i) in the case of any Eurodollar Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility, the Eurodollar Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any Eurodollar Borrowing under any Additional Incremental Facility, the Applicable Margin for Eurodollar Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any ABR Loan under the Revolving Facility, the Term Facility or the Incremental Facility, 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (ii) in the case of overdue principal of any Eurodollar Loan under the Revolving Facility, the Term Facility or the Incremental Facility, the higher of (x) 2% plus the highest Applicable Margin for Eurodollar Loans plus the Adjusted LIBO Rate applicable to such Eurodollar Loan on the day before payment was due and (y) the sum of 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (iii) in the case of overdue principal of or overdue interest on any Additional Incremental Loan of any Class, the rate set forth in the applicable Additional Incremental Facility Agreement and (iv) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in Section 2.13(a).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to Section 2.13(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), Swingline Lender or Issuing Bank; or

(ii) impose on any Lender, Swingline Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost (other than Taxes) to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Swingline Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Swingline Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swingline Lender's or Issuing Bank's capital or on the capital of such Lender's, Swingline Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender or Swingline Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Swingline Lender's or Issuing Bank's policies and the policies of such Lender's, Swingline Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, Swingline Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, Swingline Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.15(a) or 2.15(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender, Swingline Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, Swingline Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender, Swingline Lender or Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender, Swingline Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's, Swingline Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 15 days after the date of receipt of a written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the first payment by the Borrower under this Agreement to such Foreign Lender or Participant and from time to time thereafter as prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall

require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Notwithstanding anything expressed or implied to the contrary in this Agreement or any other Loan Document (including any schedule or exhibit to any of the foregoing), this Section 2.17 (and Section 10.04 insofar as it relates to this Section 2.17) shall constitute the complete and exclusive understanding of the parties in respect of all matters relating to any Taxes (including interest thereon, additions thereto and penalties in connection therewith).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 1:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Dallas, Texas, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day (unless, in the case of payments in respect of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (other than Swingline Loans) or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans (other than Swingline Loans) and participations in LC

Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including without limitation pursuant to Section 2.11) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank or Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or 2.05(e), 2.06(b), 2.18(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, (i) as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply or (ii) such Lender elects to withdraw its request.

SECTION 2.20. Additional Incremental Facilities and Commitments. (a) At any time prior to December 31, 2002, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may request, on one or more occasions, by notice to the Administrative Agent and the Incremental Facility Arrangers, that one or more Lenders (and/or one or more other Persons which shall become Lenders as provided in Section 2.20(d) below) provide one or more additional facilities (each, an "Additional Incremental Facility"), each of which shall provide for commitments (the "Additional Incremental Commitments") in an aggregate amount of not less than $100,000,000 and all of which Additional Incremental Facilities shall provide for Additional Incremental Commitments in an aggregate amount not in excess of $500,000,000; provided that no Lender shall have any obligation to provide any Additional Incremental Commitment and any Lender (or any other Person which becomes a Lender pursuant to Section 2.20(d) below) may provide Additional Incremental Commitments without the consent of any other Lender.

(b) The maturity date, scheduled amortization and commitment reductions, mandatory prepayments and commitment reductions, interest rate, minimum borrowings and prepayments, commitment fees and other amounts payable in respect of any Additional Incremental Facility, and certain agent determinations, shall be as set forth in an agreement (an "Additional Incremental Facility Agreement") among the Loan Parties, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and the Lenders and other Persons agreeing to provide Additional Incremental Commitments thereunder; provided that any term Incremental Loans (the "Additional Incremental Term Loans") shall have a Weighted Average Life to Maturity of no less than the Weighted Average Life to Maturity of the Term Loans then outstanding and any revolving Incremental Commitment (the "Additional Incremental Revolving

Commitments" and any loans made pursuant thereto, the "Additional Incremental Revolving Loans") shall have a Weighted Average Life to Maturity of not less than the Weighted Average Life to Maturity of the Revolving Commitments then outstanding.

(c) [Intentionally deleted]

(d) The effectiveness of any Additional Incremental Facility to be created under this Section 2.20, and the obligation of any Lender or other Person providing any Additional Incremental Commitment thereunder to make any Additional Incremental Loans pursuant thereto, is subject to, in addition to the conditions set forth in Article 4, the satisfaction of each of the following conditions: each Loan Party, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and each Lender or other Person providing Additional Incremental Commitments thereunder (each, an "Additional Incremental Lender") shall have executed and delivered to the Administrative Agent an Additional Incremental Facility Agreement with respect to such Additional Incremental Facility, (x) the Administrative Agent shall have received, and (y) the Administrative Agent shall have received for the respective accounts of any other agents and the Additional Incremental Lenders, all fees and other amounts payable by the Borrower in respect of such Additional Incremental Facility on or prior to such date of effectiveness and the Administrative Agent (or its counsel) shall have received such documents and certificates, and such legal opinions, as the Administrative Agent and the Incremental Facility Arrangers or their counsel shall reasonably request, including documents, certificates and legal opinions relating to the organization, existence and good standing of each Loan Party, the authorization of such Additional Incremental Facility and other legal matters relating to the Loan Parties or the Loan Documents (including the applicable Additional Incremental Facility Agreement). The Administrative Agent shall notify each Lender as to the effectiveness of each Additional Incremental Facility hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.1. Organization; Powers. Each of Holdings and the Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority,

except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents (if any), (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings or any Restricted Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Holdings or any Restricted Subsidiary or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Holdings or any Restricted Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any Restricted Subsidiary, except Liens created under the Loan Documents (if any).

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders Holdings' consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, reported on by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Holdings has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001, prepared giving effect to (x) the Transactions under the Incremental Facility and the Structured Note Financing and (y) the transactions described in clause (x) and, in addition, the sale of its Williams Communications Solutions business unit, as if such events had occurred on such date or on the first day of such fiscal year, as the case may be. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry, (iii) accurately reflect all adjustments necessary to give effect to the Transactions under the Incremental Facility and the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit, and (iv) present fairly, in all material respects, the pro forma financial position of Holdings and the Subsidiaries as of such date and for such periods as if the Transactions, the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit had occurred on such date or at the beginning of such period, as the case may be.

(c) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of Holdings or any Restricted Subsidiary has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

(d) The projections delivered to the Lenders on the Amendment No. 5 Effective Date (the "Projections") were based on assumptions believed by the Borrower and Holdings in good faith to be reasonable when made and as of their date represented the Borrower's and Holdings' good faith estimate of future performance of Holdings and the Subsidiaries and of the Borrower and its consolidated subsidiaries.

(e) Since December 31, 2000, there has been no Material Adverse Change.

SECTION 3.5. Properties. (a) Each of Holdings and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties, if any), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Holdings or any Restricted Subsidiary is subject to any Lien other than Permitted Encumbrances, Liens created by the Collateral Documents (if any) and other Liens permitted under Section 6.02.

(b) Each of Holdings and the Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by Holdings, the Borrower or any other Loan Party (other than the Parent) as of the Effective Date after giving effect to the Transactions.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.7. Compliance with Laws and Agreements. Each of Holdings and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. Investment and Holding Company Status. Neither Holdings nor any Restricted Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. Taxes. Each of Holdings and the Subsidiaries has timely filed or caused to be filed (or the Parent has filed or caused to be filed) all Tax returns and reports required to have been filed and has paid or caused to be paid (or the Parent has paid or caused to be paid) all Taxes required to have been paid by or with respect to it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings or any Restricted Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth the name of, and the direct or indirect ownership interest of Holdings or the Borrower in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings and the Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid.

SECTION 3.14. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Holdings or any Restricted Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. The hours worked by and payments made to employees of Holdings and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Holdings or any Restricted Subsidiary, or for which any claim may be made against Holdings or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Holdings or such Restricted Subsidiary. The consummation of the Transactions and the Reorganization has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Holdings or any Restricted Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable

value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Holdings or any Restricted Subsidiary is a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

SECTION 3.17. Representations in Loan Documents True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Holdings or any Restricted Subsidiary party thereto contained in any Loan Document is true and correct.

ARTICLE 4

CONDITIONS

SECTION 4.1. Effective Date. [Intentionally deleted]

SECTION 4.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents (excluding Section 3.04(b)) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in Sections 4.02(a), 4.02(b) and 4.03.

SECTION 4.3. First Incremental Borrowing Date with Respect to the Incremental Facility. The obligation of each Incremental Lender to make a Loan on the occasion of the First Incremental Borrowing Date is subject to the satisfaction of the following conditions (in addition to the conditions set forth in Section 4.02):

(a) The Spin-Off shall have been consummated.

(b) The Initial Collateral Date shall have occurred (or shall occur on the date of such Borrowing) and, prior to the making of any Loan on the occasion of such Borrowing, Holdings and the Borrower shall have complied with all of the provisions of Section 5.11A.

(c) The First Incremental Borrowing Date shall be no later than the date that is 180 days after the date of Amendment No. 5 Effective Date.

(d) The Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, from the Financial Officer of each of Holdings and the Borrower, certifying as to compliance of the matters specified in Sections 4.03(a) and 4.03(b).

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. Holdings and the Borrower will furnish to the Administrative Agent and each Lender:

(a) (i) within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, (ii) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (iii) within 90 days after the end of each fiscal year of Holdings and the Borrower, (x) supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for the Borrower and Holdings and the consolidating adjustments with respect thereto and (y) segment reporting of EBITDA

and Adjusted EBITDA with respect to each business segment of Holdings and the Subsidiaries and the Borrower and its consolidated subsidiaries consistent with the business segments reported on in the Notes Offering Registration Statement;

(b) (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' equity and cash flows of Holdings and the Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of Holdings as presenting fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited consolidated balance sheets and related statements of operations, stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Section 5.01(a) or 5.01(b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating (x) compliance with Section 6.08 and Sections 6.15 through 6.19, including, if applicable, calculations showing capital contributions made by the Parent pursuant to Section 6.20 and the resulting effects on the Borrower's compliance with Section 6.08 and Sections 6.15 through 6.19 and (y) Additional Capital at such date, including detail as to the sources and uses of Additional Capital since June 30, 1999 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause 5.01(a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable after approval by the Board of Directors of the Parent and in any event not later than 120 days after the commencement of each fiscal year of the Borrower, a consolidated and consolidating budget of Holdings for such fiscal year and a consolidated budget of the Borrower for such fiscal year (including projected consolidated (and, in the case of Holdings, consolidating) balance sheets, related consolidated (and, in the case of Holdings, consolidating) statements of projected operations and cash flow as of the end of and for such fiscal year and segment information with respect to each of Holdings' and the Subsidiaries' and the Borrower's and its consolidated subsidiaries' business segments consistent with the categories of information provided with respect to Holdings' and the Subsidiaries' business segments in the Notes Offering Registration Statement, together with projected EBITDA and Adjusted EBITDA for such segments) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any Restricted Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of the Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. Upon knowledge thereof, Holdings or the Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.4. Payment of Obligations. Each of Holdings and the Borrower (i) will, and will cause each other Restricted Subsidiary to, pay its Indebtedness and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such other Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, or permit any other Restricted Subsidiary to breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.6. Insurance. Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.7. Casualty and Condemnation. The Borrower will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any of Holdings' and the Restricted Subsidiaries' property or assets or the commencement of any action or proceeding for the taking of any of Holdings' and the Restricted Subsidiaries' property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding (in each case with a value in excess of $10,000,000) and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are applied, to the extent such Net Proceeds have not been utilized to repair, restore or replace such property or assets or to acquire other Telecommunications Assets within 360 days after such event, to prepay Loans and reduce Commitments as provided in Sections 2.11(b) and 2.08(f), respectively.

SECTION 5.8. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender at the expense of the Administrative Agent or Lender, as the case may be, or, if an Event of Default shall have occurred and be continuing, at the expense of the Borrower, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs,

finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12.

SECTION 5.9. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each other Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit. (a) The proceeds of Loans will be used (i) for working capital requirements and general corporate purposes of the Borrower and the other Restricted Subsidiaries and (ii) to pay the fees and expenses associated with the Facilities.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11A. Initial Collateral Date. On the Initial Collateral Date, Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to:

(a) Deliver to the Administrative Agent duly executed counterparts of the Security Agreement, together with the following:

(i) duly executed counterparts of each supplemental agreement required to be executed and delivered by the terms of the Security Agreement (including, without limitation, any Patent Security Agreement, and Trademark Security Agreement and any Control Agreement, in each case as defined in the Security Agreement);

(ii) stock certificates representing any or all of the outstanding shares of capital stock or other Equity Interests of the Borrower and each Restricted Subsidiary and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(iii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(iv) a completed perfection certificate dated the Initial Collateral Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) Deliver to the Administrative Agent a favorable written opinion (addressed to the Agents, the Issuing Banks, the Swingline Lenders and the Lenders and dated the Initial Collateral Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent and the Incremental Facility Arrangers, (ii) the general counsel of Holdings and (iii) local counsel in the jurisdictions where the Borrower is incorporated and where its chief executive office is located and, in the case of each such opinion required by this paragraph, covering such matters relating to

the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

SECTION 5.11B. Collateral Event. If a Collateral Event shall have occurred and be continuing, the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may by written notice to the Borrower (a "Collateral Notice"), request, and Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to, within 30 days of the Borrowers' receipt of such Collateral Notice (such thirtieth day, a "Collateral Establishment Date"):

(a) Subject to subsection (d) of this Section 5.11B, deliver to the Administrative Agent duly executed counterparts of the Security Agreement (to the extent not previously delivered pursuant to Section 5.11A) and each other Collateral Document reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, in form and substance satisfactory to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, signed on behalf of Holdings, the Borrower and each Subsidiary Loan Party requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, together with (to the extent not previously delivered pursuant to Section 5.11A) such of the following as shall have been so requested:

(i) stock certificates representing any or all of the outstanding shares of capital stock of the Borrower and each other Subsidiary of Holdings owned by or on behalf of any Loan Party as of such Collateral Establishment Date (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66% of the outstanding shares of common stock of such Foreign Subsidiary) and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(ii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents; and

(iii) a completed perfection certificate dated such Collateral Establishment Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) If requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, on or before the thirtieth day following any Collateral Establishment Date or such later day as shall be acceptable to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders (a "Mortgage Establishment Date"), Holdings and the Borrower shall, and shall cause each other Restricted Subsidiary to, deliver to the Administrative Agent (i) counterparts of a Mortgage with respect to each Mortgaged Property as to which such request is made, in each case signed on behalf of the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company, insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Collateral Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, and (iii) such surveys, abstracts and appraisals as may be required pursuant to such Mortgages or as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request.

(c) On or before any Collateral Establishment Date or Mortgage Establishment Date, Holdings and the Borrower shall deliver a favorable written opinion (addressed to the Agents, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and the Lenders and dated on or prior to such Collateral Establishment Date or Mortgage Establishment Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent, (ii) the general counsel of Holdings and (iii) local counsel in each jurisdiction where any Collateral or Mortgaged Property is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

(d) Anything in this Agreement to the contrary notwithstanding, the Liens created under any Collateral Document may also secure, to the extent, but only to the extent, required under the indentures and other documents governing such Indebtedness (without taking into account any general exceptions to any such requirements contained in any such indentures and other documents), equally and ratably with some or all of the Obligations, the obligations of the Parent and Holdings under any public Indebtedness of either of them that, by its terms, requires that such Indebtedness be equally and ratably secured by such Liens.

(e) None of the Borrower, Holdings or any Restricted Subsidiary of Holdings shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.11B, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.12. Information Regarding Collateral. (a) (i) The Borrower will furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral; and (iii) Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, promptly notify the Administrative Agent if any material portion of the Collateral owned by it is damaged or destroyed.

(b) At the time of the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a), the Borrower shall also deliver to the Administrative Agent a certificate of a Financial Officer or the chief legal officer of the Borrower (i) setting forth the information required pursuant to the perfection certificate or confirming that there has been no change in such information since the date of the perfection certificate most recently delivered or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to Section

5.12 to the extent necessary to protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.13. Additional Subsidiaries. (a) If any additional Subsidiary is formed or acquired, Holdings and the Borrower will notify the Administrative Agent and the Lenders thereof and if such Subsidiary is a Subsidiary Loan Party, (i) cause such Subsidiary, within ten Business Days after such Subsidiary Loan Party is formed or acquired, to become a party to the Subsidiary Guarantee as an additional guarantor thereunder and to the Security Agreement as a "Lien Grantor" thereunder, (ii) deliver all stock certificates representing the capital stock or other Equity Interests of such Subsidiary to the Administrative Agent, together with stock powers and instruments of transfer, endorsed in blank, with respect to such certificates and (iii) take all actions required under the Security Agreement to perfect, register and/or record the Liens granted by it thereunder and the Lien on such capital stock or other Equity Interests or as may be reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders.

(b) If a Collateral Establishment Date has occurred and any Collateral Event is then continuing, such Subsidiary is a Subsidiary Loan Party and the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders so request in writing, Holdings and the Borrower shall (i) within 30 days after such Subsidiary is formed or acquired, cause such Subsidiary to become a party to such Collateral Documents (in addition to the Security Agreement) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall request and promptly take such actions as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request to create and perfect Liens on such of such Subsidiary's assets (in accordance with the standards set forth in Section 5.11B(a)) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request to secure its obligations under the Subsidiary Guarantee, and (ii) within 60 days after such Subsidiary is formed or acquired, cause such Subsidiary to enter into such Mortgage or Mortgages as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request with respect to any or all material real property owned by such Subsidiary to secure some or all of its obligations under the Subsidiary Guarantee and to take such actions (including, without limitation, actions of the type referred to in Section 5.11B(a)) with respect thereto as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request.

(c) None of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.13, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.14. Further Assurances. (a) On any date each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents required to be in effect on such date or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents required to be in effect on such date.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by Holdings, the Borrower or any Subsidiary Loan Party (other than assets constituting Collateral under any Collateral Document that become subject to the Lien of such Collateral Document automatically upon the acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, Holdings and the Borrower will, or will cause the applicable Restricted Subsidiary to, cause such assets to be subjected to a Lien securing some or all of the Obligations, as requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, and will take, and cause such Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders to grant and perfect such Liens, including actions described in Section 5.11B, all at the expense of the Loan Parties; provided that, none of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.14, a Lien on any of the following assets: (i) at any time prior to any Collateral Establishment Date, any assets of a type other than a type constituting "Collateral" under the form of Security Agreement set forth on Exhibit K hereto as in effect on the Amendment No. 4 Effective Date, (ii) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (iii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iv) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (iii) or (iv), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.15. Concentration Accounts. At all times after any Collateral Establishment Date and before a Collateral Release Date, Holdings and the Borrower will maintain Holdings' and each Restricted Subsidiary's principal concentration account with one or more Lenders.

SECTION 5.16. [Intentionally deleted]

SECTION 5.17. Sale of Solutions and ATL(a) Not later than September 30, 2001, Holdings and the Borrower shall have sold, or caused to be sold, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions (x) its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date (except for the portion of such unit described in clause (b) below) and (y) all of the capital stock of ATL held by the Borrower, Holdings or any of its

Subsidiaries for fair market value and for Net Proceeds in cash in an aggregate amount of at least $700,000,000.

(b) Not later than December 31, 2001, Holdings and the Borrower shall have sold or otherwise disposed of, or caused to be sold or otherwise disposed of, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions, substantially all of the Canadian assets of its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date.

SECTION 5.18. Qualifying Issuances. Not later than December 31, 2001, the Borrower and/or Holdings shall have consummated Qualifying Issuances for Net Proceeds in cash in an aggregate amount of at least $500,000,000; provided that Net Proceeds in cash in an aggregate amount of not more than $350,000,000 shall have resulted from Qualifying Issuances described in clause (ii) or (iii) of the definition thereof.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.1. Indebtedness; Certain Equity Securities. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Holdings under Qualifying Holdings Debt;

(c) Indebtedness of Holdings under the High Yield Notes and refinancings thereof, provided that any Indebtedness issued in any such refinancing shall be on terms no less favorable to Holdings and its Restricted Subsidiaries than the High Yield Notes, shall be in an aggregate principal amount no greater than the High Yield Notes refinanced and shall not require any payment of principal thereof (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date;

(d) ADP Outstandings in an aggregate amount not to exceed $750,000,000 at any time outstanding;

(e) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decrease the Weighted Average Life to Maturity thereof;

(f) Indebtedness of Holdings to any Subsidiary and of any Restricted Subsidiary to any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04;

(g) Guarantees by Holdings of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by Holdings, the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(h) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into a Restricted Subsidiary after the date hereof (provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary) and extensions, renewals or replacements of any such Indebtedness that do not increase the principal amount thereof or result in an earlier maturity date or decreased Weighted Average Life to Maturity thereof;

(i) Indebtedness in respect of performance, surety or appeal bonds and Guarantees incurred or provided in the ordinary course of business securing the performance of contractual, franchise, lease, self-insurance or license obligations and not in connection with an incurrence of Indebtedness;

(j) Indebtedness in respect of customary agreements providing for indemnification, purchase price adjustments after closing or similar obligations in connection with the disposition of any assets (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition); provided that (i) any such disposition is permitted by Section 6.05, (ii) the aggregate principal amount of such Indebtedness does not exceed the gross proceeds actually received by Holdings or any Restricted Subsidiary in connection with such disposition and (iii) to the extent the gross proceeds thereof constitute Net Proceeds hereunder, such Net Proceeds are applied in accordance with Sections 2.08(f) and 2.11(b);

(k) Indebtedness of Holdings and the Restricted Subsidiaries pursuant to Hedging Agreements entered into with Lenders or their affiliates in the ordinary course of business and not for speculative purposes;

(l) [Intentionally deleted];

(m) [Intentionally deleted];

(n) [Intentionally deleted];

(o) other Indebtedness of Holdings or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, not exceeding 15% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time;

(p) Indebtedness of the Borrower consisting of Qualifying Borrower Indebtedness;

(q) Permitted Specified Security Hedging Transactions;

(r) Indebtedness of Holdings or the Borrower incurred pursuant to a Qualifying Issuance; provided that the aggregate Net Proceeds in cash received by Holdings and/or the Borrower from the issuance of such Indebtedness, plus the Net Proceeds in cash from any Sale and Leaseback Transaction constituting a Qualifying Issuance shall not exceed $350,000,000;

(s) Indebtedness with respect to industrial revenue bonds issued for the benefit of the Borrower, Holdings or any Restricted Subsidiary in an aggregate principal or face amount not to exceed $50,000,000;

(t) unsecured Indebtedness of Holdings in an aggregate principal amount not to exceed $100,000,000 incurred prior to the consummation of the Structured Note Financing so long as (i) the proceeds of such Indebtedness are used solely to make the capital contributions described in Section 6.04(u) and (ii) the terms and conditions of any such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof;

(u) unsecured Indebtedness of Holdings owed to the Structured Note Trust in an aggregate principal amount up to $1,500,000,000 in connection with the consummation of the Structured Note Financing, so long as the terms and conditions of such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof; and

(v) on any date on or after the Leverage Target Date, Indebtedness of the Borrower owing to a Receivables Subsidiary under a Permitted Receivables Financing;

provided that, notwithstanding anything in this Agreement to the contrary, the Borrower and the other Restricted Subsidiaries may not Guarantee any Indebtedness of Holdings under (i) the High Yield Notes or (ii) any Qualifying Holdings Debt.

SECTION 6.2. Liens. (a) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents (including, without limitation, Liens securing Indebtedness of Holdings and the Parent created thereunder in accordance with Section 5.11B(d));

(ii) Permitted Encumbrances;

(iii) Liens on any ADP Property securing only ADP Obligations;

(iv) any Lien on any property or asset of Holdings or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of Holdings or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(v) any Lien existing on any property or asset prior to the acquisition thereof by Holdings or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of Holdings or any Restricted Subsidiary and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(vi) Liens in favor of the Borrower or any Subsidiary Loan Party;

(vii) Liens on property of Holdings or any Restricted Subsidiary consisting of, or securing, licenses of such property;

(viii) Liens of a Specified Security securing Permitted Specified Security Hedging Transactions with respect to such Specified Security;

(ix) on any date on or after the Leverage Target Date, Liens created in connection with Permitted Receivables Financings, including, without limitation, Liens on proceeds in any form and bank accounts in which any such proceeds are deposited; provided that, except for the assets transferred pursuant to Permitted Receivables Dispositions made in connection with such Permitted Receivables Financings, no such Lien may extend to any assets of Borrower or any Subsidiary of the Borrower that is not a Receivables Subsidiary; and

(x) other Liens securing Indebtedness at any time outstanding that, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, does not exceed 5% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time.

(b) Notwithstanding anything to the contrary contained herein, Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any of its assets to secure (i) except in accordance with Section 5.11B(d), any obligations in respect of the High Yield Notes or any

refinancing thereof, permitted under Section 6.01(c), or (ii) except in accordance with Section 5.11B(d), any Qualifying Holdings Debt.

SECTION 6.3. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any other Restricted Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than (i) the ownership of all of the outstanding Equity Interests in the Borrower, (ii) the issuance of the High Yield Notes, (iii) issuances of Qualifying Holdings Debt, (iv) issuances of its Equity Interests, (v) the holding of 100% of the Equity Interests of any Unrestricted Subsidiary which is engaged exclusively in the buying, selling and trading of telecommunications services as a commodity on a developing or an established market (a "Trading Subsidiary") and (vi) the holding of Qualifying Borrower Indebtedness permitted under Section 6.01(q) and, with respect to each of the foregoing, activities incidental thereto. Holdings will not own or acquire any assets (other than Qualifying Equity Interests in the Borrower, Qualifying Borrower Indebtedness, Equity Interests in any Trading Subsidiary, cash and Cash Equivalent Investments) or incur any liabilities (other than liabilities under the Loan Documents, liabilities in respect of the High Yield Notes, liabilities in respect of Qualified Holdings Debt permitted hereunder, liabilities in respect of the Structured Note Financing, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

SECTION 6.4. Investments, Loans, Advances, Guarantees and Acquisitions. Holdings will not, and will not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Cash Equivalent Investments;

(b) Investments existing on the date hereof and set forth on Schedule 6.04;

(c) Investments by Holdings and the Restricted Subsidiaries in Equity Interests in Subsidiaries; provided that, (i) the aggregate amount of Investments by Loan Parties in, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (including, without limitation, any Deemed Subsidiary Investment pursuant to Section 6.14) shall be subject to the proviso to this Section 6.04 and (ii) all Equity Interests acquired or held by Holdings pursuant to this Section 6.04(c) shall be Qualifying Equity Interests in the Borrower or Equity Interests in a Trading Subsidiary;

(d) loans or advances made by Holdings to any Restricted Subsidiary and made by any Restricted Subsidiary to any other Restricted Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the proviso to this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that (i) no Restricted Subsidiary shall Guarantee any High Yield Notes, any Indebtedness of Holdings or the Borrower constituting a Qualifying Issuance or Qualifying Holdings Debt and (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the proviso to this Section 6.04;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) acquisitions by the Borrower of ADP Property for consideration paid on and prior to any date not exceeding Additional Capital as of such date; minus (i) Investments permitted under clause (ii) of the proviso to this Section 6.04 made on or prior to such date and (iii) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date;

(h) Hedging Agreements permitted under Section 6.01(k);

(i) Capital Expenditures made in accordance with Section 6.08;

(j) subject to the proviso to this Section 6.04, Investments in the Telecommunications Business;

(k) subject to the proviso to this Section 6.04, Investments in Existing International Joint Ventures; provided that the acquisition by Holdings or any Restricted Subsidiary of any equity interest in Algar Telecom S.A. (formerly known as Lightel S.A.) owned by the Parent or its subsidiaries (other than Holdings and the Subsidiaries) shall not be permitted under this clause (k) but shall only be permitted under clause (p) of this Section 6.04;

(l) exchanges and substitutions of ADP Property for like property which take place prior to the occurrence of the Completion Date, the Expiration Date, the

Termination Date, or an ADP Event of Default, Environmental Trigger or Unwind Event under the Operative Documents;

(m) any Investment by a Restricted Subsidiary in any Person engaged in the Telecommunication Business if such Investment is made in connection with an agreement by such Person to utilize certain of the Borrower's or the Subsidiary Loan Parties' Telecommunications Business, provided that, at any date, (i) the aggregate amount of Investments made in all such Persons at any time outstanding pursuant to this paragraph (m) (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of such Person, but net of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment) shall not exceed 15% of Consolidated Assets at such time and (ii) the aggregate amount of such Investments made in all such Persons with cash or Cash Equivalent Investments that are at any time outstanding pursuant to this paragraph (m) shall not exceed 5% of Consolidated Assets;

(n) (i) loans to directors, officers and employees of Holdings or any Restricted Subsidiary all of the proceeds of which are used (A) to pay relocation expenses of any such director, officer or employee or (B) to purchase Equity Interests in Holdings pursuant to and in accordance with stock option plans or other benefit plans for directors, officers and employees of Holdings and its Restricted Subsidiaries, provided that, in the case of any of the Loans referred to in this subclause (B), any proceeds to Holdings of any such purchases of Equity Interests shall be contributed to the Borrower and (ii) other loans to directors, officers and employees of Holdings and its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(o) trade accounts receivable for goods sold or services provided arising in the ordinary course of business and on customary payment terms (not to exceed 120 days after the date such receivables are accrued in accordance with GAAP);

(p) Investments for which the consideration paid by Holdings and its Restricted Subsidiaries consists exclusively of Qualifying Equity Interests in Holdings;

(q) Investments made in any Person (a "REINVESTMENT PERSON") in whom the Borrower or any of its Subsidiaries has, or at any time after the Closing Date had, an Investment permitted under clause (b), (f) or (p) above or this clause (q) (an "ORIGINAL INVESTMENT"); provided that the aggregate amount of Investments in any Reinvestment Person permitted under this clause (q) may not exceed the aggregate amount of the cash proceeds received, within 270 days prior to the making of such Investment, by the Borrower and its Subsidiaries from sales or other dispositions of, or distributions with respect to Original Investments in such Reinvestment Person;

(r) Permitted Specified Security Hedging Transactions; and

(s) Investments in Persons that become Subsidiary Loan Parties if such Persons, prior to such Investments, were engaged principally in the transmission of voice, video or

data through or over owned or leased fiber optic cable and/or the holding, developing or constructing of assets or technology used therein;

(t) Letters of Credit to support obligations of a Trading Subsidiary incurred in the ordinary course of business; and

(u) capital contributions made by Holdings to the Borrower and by the Borrower to the Structured Note Trust, in each case in an aggregate principal amount not to exceed $100,000,000 and in order to consummate the Structured Note Financing;

(v) Investments in Receivables Subsidiaries made in connection with Permitted Receivables Financings;

provided that the aggregate amount of all Investments (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of the Person in which such Investment is held), but net, in case of each such Investment (but not below zero), of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment and any proceeds received upon any disposition (other than a disposition to Holdings or any of its Subsidiaries or the Parent or any of its Subsidiaries) of such Investment, made pursuant to Sections 6.04(j) and 6.04(k) on or prior to any date, or referred to in Section 6.04(c)(i), the proviso to Section 6.04(d) and Section 6.04(e)(ii) and made on or prior to such date, shall not exceed the sum of an amount (which amount, for purposes of this proviso only, shall not be less than zero) equal to (x) the amount of Additional Capital as of such date minus (y) (A) acquisitions of ADP Property permitted under Section 6.04(g) made on or prior to such date and (B) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date.

SECTION 6.5. Asset Sales. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interests owned by it, nor will Holdings permit any of its Restricted Subsidiaries to issue any additional Equity Interests, except:

(a) sales, transfers, leases or other dispositions of fiber optic cable capacity, sales of inventory, and sales of used or surplus equipment and Cash Equivalent Investments, in each case in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) issuances to the Borrower or any other Restricted Subsidiary of Equity Interests in any Restricted Subsidiary other than the Borrower;

(d) issuances to Holdings by the Borrower of Qualifying Equity Interests in the Borrower;

(e) Permitted Telecommunications Asset Dispositions;

(f) sales, transfers and dispositions of assets to the extent constituting Investments permitted under Section 6.04;

(g) Restricted Payments permitted under Section 6.07(a) and payments of principal and interest permitted under Section 6.07(b);

(h) the sale, transfer or other dispositions required by Section 5.17 or 5.18;

(i) any transfer of Receivables and Related Transferred Rights (each as defined in the Security Agreement attached hereto as Exhibit K) in order to consummate a Permitted Receivables Transaction or to transfer such assets pursuant to a factoring arrangement; and

(j) sales, transfers and dispositions of assets (other than Telecommunications Assets) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this Section 6.05(j) shall not exceed $25,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under Sections 6.05(e) and 6.05(j) shall be made (x) for fair value and (y) only if at least 75% of the consideration paid therefor is cash or Cash Equivalent Investments (or, if less than 75%, the remainder of such consideration consists of Telecommunications Assets).

SECTION 6.6. Sale and Leaseback Transactions. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall (a) sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred or (b) lease any property, real or personal, from any entity substantially all of whose activities consist of acquiring, constructing or developing property to be leased to Holdings and the Restricted Subsidiaries pursuant to leases intended to cover, and measured by the cost of or the financing incurred by such entity to finance, such property (the transactions referred to in clause (a) and (b) being collectively referred to as "Sale and Leaseback Transactions"), except for (i) sales and leases of ADP Property pursuant to the ADP in respect of ADP Outstandings not to exceed $750,000,000 at any time outstanding and (ii) (x) any such sale referred to in clause (a) above of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 270 days after the Borrower or such other Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (y) any such lease referred to in clause (b) above providing for rental payments measured by the cost of the property leased or the financing incurred by the lessor thereof to acquire, construct or develop the property so leased; provided that the sum of the aggregate amount of Attributable Debt in respect of all such Sale and Leaseback Transactions permitted under this clause (ii) at any time outstanding (other than any such Attributable Debt with respect to any Sale and Leaseback Transaction constituting a Qualifying Issuance) and the aggregate amount of Indebtedness secured by Liens permitted by Section 6.02(a)(viii) at such time outstanding shall not exceed 5% of consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time. For purposes of determining compliance with the proviso set forth in the immediately preceding sentence, Capital Lease Obligations shall not in any event be included in the calculation of "Attributable Debt."

SECTION 6.7. Restricted Payments; Certain Payments of Indebtedness. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or enter into any transaction the economic effect of which is substantially similar to any Restricted Payment, except (i) Holdings and the Borrower may declare and pay dividends with respect to their capital stock payable solely in additional shares of their respective common stock, (ii) Restricted Subsidiaries (other than the Borrower) may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $3,000,000

during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Holdings and the Restricted Subsidiaries; (iv) so long as no Default shall have occurred and be continuing or result from the making of such payment, the Borrower may pay dividends to Holdings at such times and in such amounts as shall be necessary to permit Holdings to discharge, to the extent permitted hereunder, its permitted liabilities; (v) on and after the Leverage Target Date, Holdings may declare and pay dividends in cash with respect to its convertible preferred stock outstanding as of the Amendment No. 4 Effective Date in an amount not exceeding $40,000,000 in any fiscal year and the Borrower may declare and pay dividends to Holdings to permit Holdings to declare and pay such dividends and (vi) at any time after the consummation of the Structured Note Financing, the Borrower may declare and pay a dividend to Holdings so long as (x) the aggregate amount of such dividend shall not exceed the principal amount of the Structured Note Bridge Indebtedness outstanding at the time such dividend is paid plus accrued interest thereon, (y) no Default has occurred and is continuing or would result therefrom and (z) immediately upon receipt thereof, Holdings shall apply all of the proceeds of such dividend to repay in full the Structured Note Bridge Indebtedness then outstanding.

(b) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, make, directly or indirectly, any voluntary payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any High Yield Notes, any Qualifying Holdings Debt or any Qualifying Borrower Indebtedness (collectively "Specified Indebtedness"), or any voluntary payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Specified Indebtedness (or enter into any transaction the economic effect of which is substantially similar to any of the foregoing), except, provided no Default has occurred and is continuing or would result therefrom, payments of regularly scheduled interest as and when due in respect of any Specified Indebtedness other than Qualifying Borrower Indebtedness.

SECTION 6.8. Limitation on Capital Expenditures. (a) Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) for any fiscal year set forth below shall not exceed the amount set forth below opposite such fiscal year:

FISCAL YEAR	AMOUNT
2001	$2,750,000,000
2002	$2,500,000,000
2003	$2,250,000,000
2004	$2,250,000,000
2005	$2,250,000,000
2006 and each fiscal year thereafter	$2,800,000,000

provided that if the aggregate amount of Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) actually made in any such period or fiscal year shall be less than the limit with respect thereto set forth above (before giving effect to any increase therein pursuant to this proviso) (the "Base Amount"), then an amount equal to 50% of such shortfall may be added to the amount of such Capital Expenditures permitted for the immediately succeeding fiscal year (such amount to be added for any fiscal year, the "Rollover Amount"); provided further that any Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) made during any fiscal year for which any Rollover Amount shall have been so added shall be applied, first, to the Rollover Amount added for such fiscal year and, second, to the Base Amount for such fiscal year.

(b) In addition to Capital Expenditures permitted under Section 6.08(a) above, Holdings and the Restricted Subsidiaries may make (i) Capital Expenditures consisting of acquisitions of ADP Property permitted under Section 6.04(g) or 6.04(l) and (ii) Capital Expenditures on any date after the Amendment

No. 4 Effective Date in an aggregate amount not to exceed Additional Capital as of such date minus (A) Investments permitted under clause (ii) of the proviso to Section 6.04 made on or prior to such date and (B) purchases of ADP Property permitted under Section 6.04(g) made on or prior to such date.

SECTION 6.9. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their respective Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to Holdings, the Borrower or such other Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.07 and (d) transactions required to be effected pursuant to, and on terms provided for in, existing agreements (as in effect on the date hereof) listed in Schedule 6.09 hereto.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, the High Yield Notes or, to the extent that any such restrictions therein, taken as a whole, are no more restrictive than those contained in the High Yield Notes, any Qualifying Holdings Debt, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.10(a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) Section 6.10(a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Fiscal Year. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, change its fiscal year from a fiscal year ending December 31.

SECTION 6.12. Change in Business. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, engage in any material line of business other than the Telecommunications Business.

SECTION 6.13. Amendment of Material Documents. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, without the prior written consent of the Required Lenders, consent to any amendment, modification or waiver of (a) its certificate of incorporation, by-laws or other organizational documents (except for the filing of a Certificate of Designation with the Secretary of State of Delaware relating to the issuance of preferred securities that are Qualifying Equity Interests of such Person, to the extent provided for in its certificate of incorporation, by-laws or other organizational documents), (b) the Other Financing Documents, (c) any agreements governing any Qualifying Holdings Debt, (d) the Parent Indemnity or (e) the Operative Documents, in each of the foregoing cases if such amendment, modification of waiver could reasonably be expected to have (i) an adverse effect on the ability of any Loan Party to perform any of its obligations under any Loan Document or the rights of, or benefits available to, the Lenders under any Loan Document or (ii) a Material Adverse Effect.

SECTION 6.14. Designation of Unrestricted Subsidiaries. Holdings and the Borrower will not designate any Restricted Subsidiary (other than a newly created Subsidiary in which no Investment has previously been made) as an Unrestricted Subsidiary (a "Subsidiary Designation") unless:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Subsidiary Designation;

(ii) after giving effect to such Subsidiary Designation, Holdings would be in compliance with the covenants contained in Section 6.08 and Sections 6.15 through 6.19 on a pro forma basis as if such Subsidiary Designation had been made on the first day of the period of four fiscal quarters most recently ended in respect of which financial statements have been delivered by the Company pursuant to Section 5.01(a) or 5.01(b);

(iii) Holdings has delivered to the Administrative Agent (x) written notice of such Subsidiary Designation and (y) a certificate of a Financial Officer setting forth in reasonable detail calculations demonstrating pro forma compliance with the financial covenants contained in Section 6.08 and Sections 6.15 through 6.19, as required by clause (ii) above; and

(iv) on the date of such Subsidiary Designation, Holdings and the Borrower would not be prohibited by Section 6.04(c) and the proviso to Section 6.04 from making an Investment (a "Deemed Subsidiary Investment") in an aggregate amount equal to the fair market value (valued at the date of such Subsidiary Designation) of (x) the net assets of such Restricted Subsidiary or (y) if less than 100% of the Equity Interests in such Restricted Subsidiary are held by Holdings and its Restricted Subsidiaries, in an aggregate amount equal to the percentage interest of Holdings and the Restricted Subsidiaries in such net assets.

Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to (x) Guarantee any Indebtedness of any Unrestricted Subsidiary, (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any other Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause such Indebtedness or the payment thereof to be accelerated, payable or subject to repurchase prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Indebtedness that is Indebtedness of an Unrestricted Subsidiary, except in the case of clause (x) or (y) to the extent permitted under Section 6.01 and Section 6.04 hereof. In no event may the Borrower be designated as an Unrestricted Subsidiary.

SECTION 6.15. Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital Ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

SECTION 6.16. Minimum EBITDA. The amount equal to (i) EBITDA for the period of four fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

SECTION 6.17. Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

SECTION 6.18. Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

SECTION 6.19. Interest Coverage Ratio. The Interest Coverage Ratio for any period of four consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

SECTION 6.20. Financial Covenant Non-Compliance Cure. (a) At any time prior to the consummation of the Spin-Off, in the event that Holdings and the Restricted Subsidiaries fail to comply with any of Sections 6.15 through 6.19, inclusive, for any period or on any date set forth therein, the Parent shall have the right, but not the obligation, to make, within three Business Days of the date upon which financial statements as of the last day of such period are delivered or required to be delivered pursuant to Section 5.01(a) or (b), a cash equity contribution to Holdings in exchange for Qualifying Equity Interests of Holdings (which Holdings shall thereupon contribute to the Borrower, in exchange for Qualifying Equity Interests of the Borrower) to cure such failure.

(b) If such contribution is made to cure a failure to comply with the covenant contained in Section 6.16, such contribution shall be in an amount sufficient, when added to EBITDA for the applicable period, to enable Holdings and the Restricted Subsidiaries to comply with such covenant on a consolidated basis. Upon the making of any such capital contribution to Holdings and to the Borrower in the amount specified above, the amount so contributed (to the extent, but only to the extent, of the shortfall in EBITDA for the applicable period) shall thereafter be deemed to have been EBITDA in the last fiscal quarter of such period for purposes of all calculations in respect of compliance with Section 6.16 thereafter.

(c) If such contribution is made to cure a failure to comply with a covenant contained in Section 6.15, 6.17, 6.18 or 6.19, such contribution shall be in an amount sufficient, when applied to repay or prepay Indebtedness of Holdings and the Restricted Subsidiaries, to enable Holdings and the Restricted Subsidiaries, on a pro forma basis

after giving effect to such contribution and application, to comply with such covenant on a consolidated basis.

(d) The right to cure provided in this Section 6.20 may not be exercised in respect of more than two consecutive quarters or more than three times in the aggregate during the term of the Facilities.

ARTICLE 7

EVENTS OF DEFAULT

SECTION 7.1. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.01(a)) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent or any Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.10, 5.11A, 5.11B, 5.13, 5.17, 5.18 or in Article 6, or (i) such failure shall continue unremedied for a period of 30 days after the earlier to occur of (x) knowledge thereof by any Loan Party or (y) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Sections 7.01(a), 7.01(b) or 7.01(d)), and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) knowledge thereof by any Loan Party or (ii) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (subject to any applicable grace period);

(g) any event or condition occurs that results in any Material Indebtedness or Permitted Receivables Financing becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or Permitted Receivables Financing or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Receivables Financing to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.01(g) shall not apply to secured Indebtedness permitted hereunder that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Holdings, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could

reasonably be expected to result in liability of Holdings and the Restricted Subsidiaries in an aggregate amount exceeding $25,000,000 for all periods;

(m) any Lien (if any) purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral having a fair market value in excess of $1,000,000, with the priority required by the applicable Collateral Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) pursuant to a Collateral Release Event;

(n) any Guarantee by Holdings or any Subsidiary Loan Party under any Loan Document shall cease for any reason (other than the merger out of existence of such Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of such Guarantee) to be in full force and effect, or Holdings or any Subsidiary Loan Party shall so assert in writing;

(o) a Change in Control shall occur; and

(p) at any time prior to the consummation of the Spin-Off, the senior unsecured long-term debt of the Parent shall be rated less than BBB- by S&P or less than Baa3 by Moody's;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in the case of any event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

ARTICLE 8

THE AGENTS

SECTION 8.1. Appointment, Powers, Immunities. (a) Each Lender, Swingline Lender and Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) The institutions serving as Agents hereunder shall have the same rights and powers in their capacities as Lenders, Swingline Lenders or Issuing Banks, as the case

may be, as any other Lenders, Swingline Lenders or Issuing Banks and may exercise the same as though they were not Agents, and each such institution and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

(c) The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that an Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (iii) except as expressly set forth in the Loan Documents, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any Subsidiary that is communicated to or obtained by any institution serving as an Agent or any of its affiliates in any capacity.

(d) No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or wilful misconduct.

(e) No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than, in the case of the Administrative Agent, to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.2. Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.3. Delegation to Sub-Agents. Each Agent may perform any and all of its duties and exercise any of its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agents may perform any and all of their duties and exercise rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall

apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

SECTION 8.4. Resignation of Agents. Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Agent which shall be a bank organized under the laws of the United States or any State thereof, having (x) an office in any State of the United States and (y) capital, surplus and undivided profits aggregating at least $200,000,000, or an affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

SECTION 8.5. Non-reliance on Agents or other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent, any Issuing Bank or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

SECTION 8.6. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents. Notwithstanding anything in this Agreement or any Loan Document to the contrary, the Syndication Agent, the Incremental Facility Arrangers and the Co-Documentation Agents shall have no obligation or responsibility as such hereunder other than, in the case of the Syndication Agent or the Incremental Facility Arrangers, as expressly set forth herein.

ARTICLE 9

HOLDINGS GUARANTEE

SECTION 9.1. The Guarantee. Holdings unconditionally and irrevocably guarantees the full and punctual payment of all present and future indebtedness and other obligations of the Borrower evidenced by or arising under any Loan Document and all present and future indebtedness and other obligations of the Borrower or any other Restricted Subsidiary under any Hedging Agreement permitted under Section 6.01 (a "Specified Hedging Agreement") as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, according to the terms hereof and thereof (including, without limitation, any Post-Petition Interest). If the Borrower or any other Restricted Subsidiary fails punctually to pay any indebtedness or other obligation guaranteed hereby which is due and payable, Holdings unconditionally agrees to cause such payment to be made punctually as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, and as if such payment were made by the Borrower or such other Restricted Subsidiary.

SECTION 9.2. Guarantee Unconditional. The obligations of Holdings under this Article 9 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Loan Party under any Loan Document or Specified Hedging Agreement, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to any Loan Document or Specified Hedging Agreement;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security, or of any guarantee or other liability of any third party, for any obligation of the Borrower or any Loan Party under any Loan Document or Specified Hedging Agreement;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Loan Party or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Loan Party or its assets, or any resulting release or discharge of any obligation of the Borrower or any other Loan Party contained in any Loan Document or Specified Hedging Agreement;

(e) the existence of any claim, set-off or other rights which Holdings may have at any time against the Borrower or any other Loan Party, any Agent, any Issuing Bank, any Lender or any other Person, whether or not arising in connection herewith or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document or Specified Hedging Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by any other Loan Party of any amount payable by it under any Loan Document or Specified Hedging Agreement; or

(g) any other act or omission to act or delay of any kind by any other Loan Party, any Lender or any other Person or any other circumstance that might, but for the provisions of this Section, constitute a legal or equitable discharge of Holdings' obligations under this Article 9.

SECTION 9.3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Holdings' obligations under this Article 9 constitute a continuing guaranty and shall remain in full force and effect until the Commitments shall have been terminated, all Letters of Credit shall have expired or been terminated, all Specified Hedging Agreements shall have been terminated and all amounts payable under the Loan Documents and the Specified Hedging Agreements shall have been indefeasibly paid in full. If at any time any amount payable by the Borrower under any Loan Document or by the Borrower or any other Restricted Subsidiary under any Specified Hedging Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise,

Holdings' obligations under this Article 9 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

SECTION 9.4. Waiver. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Restricted Subsidiary or any other Person.

SECTION 9.5. Subrogation. When Holdings makes any payment under this Article 9 with respect to the obligations of the Borrower or any other Restricted Subsidiary, Holdings shall be subrogated to the rights of the payee against the Borrower or such other Restricted Subsidiary with respect to the portion of such obligations paid by Holdings; provided that Holdings shall not enforce any payment by way of subrogation or contribution against the Borrower or any Subsidiary so long as any amount payable under any Loan Document or Specified Hedging Agreement remains unpaid.

SECTION 9.6. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Loan Party under any Loan Document or Specified Hedging Agreement is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party, all such amounts otherwise subject to acceleration under the terms of such Loan Document or Specified Hedging Agreement shall nonetheless be payable by Holdings under this Article 9 forthwith on demand by the Administrative Agent made, in the case of any Loans, at the request of the requisite number of Lenders specified in Section 7.01 hereof or, in the case of obligations under a Specified Hedging Agreement, at the request of the relevant Lender or Lenders or affiliate or affiliates of such Lender or Lenders.

SECTION 9.7. Successors and Assigns. This guarantee is for the benefit of the Lenders, the Hedge Counterparties and their respective successors and assigns. If any Loans, participations in Letters of Credit or Swingline Loans or other amounts payable under the Loan Documents are assigned pursuant to Section 10.04 of the Credit Agreement, or any rights under any Specified Hedging Agreement are assigned pursuant thereto, the rights under this Article 9, to the extent applicable to the indebtedness so assigned, shall be transferred with such indebtedness.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Holdings or the Borrower, to it at Williams Communications Group, Inc., One Williams Center, Suite 2600, Tulsa, Oklahoma 74172, Attention of (other than administrative notices) Scott E. Schubert (Telecopy No. 918-573-6024) or (for administrative notices) Attention of Kerri Lyle (Telecopy No. 918-573-6558);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 901 Main Street, Dallas, Texas 75202, Attention of (other than Borrowing Requests) Pamela Kurtzman, 64th Floor (Telecopy No. (214) 209-9390) or (for Borrowing Requests) Judy Schneidmiller, 14th Floor (Telecopy No. 214-209-2118);

(c) if to Bank of America, as Issuing Bank, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(d) if to Chase, as Issuing Bank, to it at 270 Park Avenue, 37th Floor, New York, New York 10017, Attention of Joe Brusco (Telecopy No. 212-270-4164);

(e) if to Bank of America, as Swingline Lender, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(f) if to Chase, as Swingline Lender, to it at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Winslowe Ogbourne (Telecopy No. 212-552-5700); and

(g) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender, any Issuing Bank or any Swingline Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or

reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or substantially all of the Subsidiary Loan Parties from their respective Guarantees hereunder under the Subsidiary Guarantee (except as expressly provided herein or therein), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) change any condition set forth in Section 4.03 without the written consent of each Incremental Lender, or (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to, or requirements to make loans by, Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class; provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or any Swingline Lender without the prior written consent of the Administrative Agent, the affected Issuing Bank or the affected Swingline Lender, as the case may be, and (B) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders with Commitments or Loans of any Class or Classes (but not Lenders with Commitments or Loans of any other Class or Classes) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and the requisite percentage in interest of the Lenders with Commitments or Loans of the affected Class or Classes.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers and their respective affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank, any Swingline Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Incremental Facility Arrangers and the Syndication Agent, any Issuing Bank, any Swingline Lender or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person

being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings or any Subsidiary, or any Environmental Liability related in any way to Holdings or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender under Sections 10.03(a) or 10.03(b), each Lender severally agrees to pay to the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Loans (other than Revolving Loans) and unused Commitments (other than Revolving Commitments) at the time.

(d) To the extent permitted by applicable law, Holdings and the Borrower will not and will not permit any other Restricted Subsidiary to assert, and each hereby waives for itself and on behalf of its subsidiaries, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, each Issuing Bank and each Swingline Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) each of the Borrower (except in the case of an assignment to a Lender or an affiliate of a Lender) and Administrative Agent (except in the case of an assignment to an affiliate of a Lender) (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Banks and the Swingline Lenders) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, after giving effect to such assignment, the amount of the Commitments or Loans of each Class held by each of the assignor Lender and its affiliates and the assignee Lender and its affiliates (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this Section 10.04(b)(iii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (iv) the parties to each assignment (excluding any assignment by a Lender to an affiliate of such Lender) shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, (v) the parties to each assignment by a Lender to an affiliate of such Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,500, (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (vii) the Incremental Facility Arrangers shall be notified by the Administrative Agent of any assignment of the Incremental Facility; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to Section 10.04(d), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and

Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.04(e). Each Lender that is an investment fund hereby agrees to notify the Administrative Agent and the Incremental Facility Arrangers of any change of the identity of the investment manager for such fund.

(2) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC that, at the time of such proposed amendment, has an outstanding Loan or Loans to the Borrower. For purposes of Section 10.02 of this Agreement and any other provision of any Loan Document requiring the consent or approval of any Lender, the Granting Lender shall, notwithstanding the funding of any Loans by any SPC, have the sole right to consent to or approve any waiver or amendment of any provision of this Agreement or any other Loan Document or to exercise any other right to consent or to grant approval under any Loan Document.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in any State of the United States, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank, any Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.04(b) and any written consent to such assignment required by Section 10.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to Section 10.04(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of

its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank and Swingline Lender and each of their respective affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, Issuing Bank, Swingline Lender or affiliate to or for the credit or the account of the Borrower or Holdings against any and all of the obligations of the Borrower or Holdings, as the case may be, now or hereafter existing under this Agreement held by such Lender, Issuing Bank or Swingline Lender, irrespective of whether or not such Lender, Issuing Bank or Swingline Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, Issuing Bank and Swingline Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender, Issuing Bank or Swingline Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District

Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings used herein and the Table of Contents are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' (other than affiliates that are direct competitors of any material business of Holdings and the Restricted Subsidiaries) directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal

process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (other than a direct competitor of any material business of Holdings and the Restricted Subsidiaries), (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WILLIAMS COMMUNICATIONS, LLC

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

WILLIAMS COMMUNICATIONS GROUP, INC.

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

BANK OF MONTREAL

By /s/ W.T. Calder

Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi

Title: Senior Vice President

SCOTIABANC INC.

By /s/ M. D. Smith

Title: Treasurer

ABN AMRO BANK, N.V.

By /s/

Title:

By /s/

Title:

FLEET NATIONAL BANK

By /s/ Suzanne M. MacKay

Title: Vice President

CIBC INC.

By /s/ Amy V. Kothari

Title: Executive Director

CREDIT SUISSE FIRST BOSTON

By /s/ David L. Sawyer

Title: Vice President

By /s/ Lalita Advani

Title: Assistant Vice President

DEUTSCHE BANK AG
NEW YORK BRANCH AND/OR CAYMAN ISLANDS
BRANCH

By /s/ Steve M. Godeke

Title: Director

By /s/ Alexander Richarz

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Jeremy Horn

Title: Authorized Signature

BANK AUSTRIA CREDIT ANSTALT
CORPORATE FINANCE, INC.

By /s/ John T. Murphy

Title: Senior Vice President

By /s/ William W. Hunter

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Brand Hosford

Title: Vice President

IBM CREDIT CORPORATION

By /s/ Thomas S. Curcio

Title: Manager of Credit

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH

By

Name:
Title:

BANK OF OKLAHOMA N.A.

By /s/ Robert D. Mattax

Title: Senior Vice President

BANK ONE, N.A.

By

Name:
Title:

KBC BANK, N.V.

By /s/ Robert Snauffer

Title: First Vice President

By /s/ Eric Raskin

Title: Assistant Vice President

THE FUJI BANK, LIMITED

By /s/ Nobuoki Koike

Title: Vice President & Senior Team
Leader

INCREMENTAL TRANCHE A LENDERS:

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By /s/ G. Andrew Keith

Title: Authorized Signatory

CITICORP USA, INC.

By /s/ Caesar W. Wyszomirski

Title: Vice President

MERRILL LYNCH & CO., INC.

By /s/ Merrill Lynch & Co., Inc.

Name: Parker A. Weil
Title: Managing Director

Acknowledged and agreed:

CRITICAL CONNECTIONS, INC.
SBCI - PACIFIC NETWORKS, INC.
WCS COMMUNICATIONS SYSTEMS, INC.
WCS, INC.
WILLIAMS COMMUNICATIONS OF VIRGINIA, INC.
WILLIAMS COMMUNICATIONS PROCUREMENT, L.L.C.
WILLIAMS COMMUNICATIONS PROCUREMENT, L.P.
WILLIAMS GLOBAL COMMUNICATIONS HOLDINGS, INC.
WILLIAMS INTERNATIONAL VENTURES COMPANY
WILLIAMS LEARNING NETWORK, INC.
WILLIAMS LOCAL NETWORK, INC.
WILLIAMS WIRELESS, INC.
WILLIAMS TECHNOLOGY CENTER, LLC
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC

All By:

Title:

SCHEDULE 2.01
COMMITMENTS

REVOLVING AND TERM LENDERS	REVOLVING COMMITMENT	TERM COMMITMENT
Bank of America, N.A.	32,500,000	32,500,000
The Chase Manhattan Bank	50,000,000	50,000,000
Bank of Montreal	42,625,000	42,625,000
The Bank of New York	42,625,000	42,625,000
ABN AMRO Bank N.V.	34,250,000	34,250,000
CIBC Inc.	34,250,000	34,250,000
Credit Lyonnais New York Branch	34,250,000	34,250,000
Credit Suisse First Boston	34,250,000	34,250,000
Deutsche Bank AG New York Branch and/or Cayman Islands Branch	34,250,000	34,250,000
Fleet National Bank	34,250,000	34,250,000
Scotiabanc Inc.	34,250,000	34,250,000
Bank Austria Creditanstalt Corporate Finance, Inc.	17,500,000	17,500,000
First Union National Bank	17,500,000	17,500,000
The Fuji Bank, Limited	17,500,000	17,500,000
IBM Credit Corporation	17,500,000	17,500,000
The Industrial Bank of Japan, Limited New York Branch	17,500,000	17,500,000
Bank of Oklahoma N.A.	10,000,000	10,000,000
Bank One, N.A.	10,000,000	10,000,000
KBC Bank N.V.	10,000,000	10,000,000
Total	525,000,000	525,000,000
GRAND TOTAL		1,050,000,000

INCREMENTAL LENDERS		
Citicorp USA, Inc.		150,000,000
Lehman Commercial Paper, Inc.	150,000,000	
Merrill Lynch & Co., Inc.	75,000,000	
The Chase Manhattan Bank		40,000,000
Bank of America, N.A.	35,000,000	
GRAND TOTAL		450,000,000

EXHIBIT D

Lessee's Certificate

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LEASE: Master Lease dated September 11, 2001, by and among Williams Headquarters Building Company, as Lessor, Williams Technology Center, LLC, as Lessee ("Lessee"), and Williams Communications, LLC, as Guarantor ("Guarantor") (the "Lease"), covering the Williams Technology Center and related land and improvements, all located in the City of Tulsa, Oklahoma (the "Premises").

Lessee hereby certifies and states to you the following:

1. The Lease is presently in full force and effect and unmodified [LIST AMENDMENTS IF APPLICABLE], and has not been cancelled or terminated.

2. The term of the Lease has commenced and the full rental is now accruing thereunder.

3. The undersigned has accepted possession of the Premises covered by the Lease and any and all improvements located thereon.

4. All improvements required by the terms of the Lease to be constructed by Lessor have been completed to the satisfaction of the undersigned.

5. Rent in the amount of $____________ was last paid on _______________________________, 20___, and no rent under the Lease has been paid more than thirty (30) days in advance of its due date.

6. The address for notices to be sent to the Lessee is as set forth in the Lease or, if there has been a change, at the address set forth hereinbelow.

7. Neither the Lessee nor the Guarantor, as of the date hereof, has any charge, lien or claim of offset under the Lease, the Guaranty or otherwise, against any rents or other charges due or to become due to the Lessor thereunder.

8. Neither the Lessor nor the Lessee, is in default under any of the terms of the Lease, and there currently exists no circumstance or event which with

the passage of time, could mature into a default by any party under the Lease.

9. The Guaranty dated of even date with the Lease, and all of its terms, covenants and conditions, are in full force and effect.

[ADD ADDITIONAL PROVISIONS NECESSARY FOR PARTICULAR TRANSACTION].

The Lessee understands that in connection with [DESCRIBE TRANSACTION IN QUESTION], your company is specifically relying on the accuracy and completeness of all of the statements contained herein.

EXECUTED this ____ day of _________________, 20___.

WILLIAMS TECHNOLOGY CENTER, LLC,
A Delaware Limited Liability Company

By: -------------------------------------

Name: ------------------------------------

Title: -----------------------------------

(Address)

(City, State, Zip)

EXHIBIT E

Permitted Encumbrances

(a) Encumbrances imposed by law for taxes that are not yet due or are being contested in compliance with the Lease;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Encumbrances imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with the Lease;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under the Lease; and

(f) easements, zoning restrictions, rights-of-way and similar Encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the Leased Properties or interfere with the ordinary conduct of business of Lessee or Guarantor;

provided that the term "Permitted Encumbrances" shall not include any Encumbrance securing any Debt.

[ADD TITLE COMMITMENT EXCEPTIONS]

EXHIBIT F

CONSENT AND NON-DISTURBANCE AGREEMENT

THIS CONSENT AND NON-DISTURBANCE AGREEMENT is entered into as of the ____ day of _____________, 20__, between WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), having an office at One Williams Center, Suite 2200, Tulsa, Oklahoma 74172, and ____, a ____________________ ("Sublessee"), having an office at ______________________ ______________________________________.

RECITALS

A. By that certain Master Lease entered into between Lessor and WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), dated effective as of September 11, 2001, Lessor leased certain real property and improvements commonly known as the Williams Technology Center, Tulsa, Oklahoma (collectively the "Premises") to Lessee (the "Master Lease").

B. By that certain Sublease Agreement dated _____________, 20__, entered into between Lessee and Sublessee, Lessee subleased a portion of the Premises to Sublessee (the "Sublease"), which Sublease's effectiveness was conditioned upon the receipt of Lessor's consent thereto.

C. The parties hereto desire to provide for the consent by Lessor to the Sublease, and the non-disturbance of Sublessee by the Lessor, in specified circumstances in the event the Master Lease is terminated.

IN CONSIDERATION of the premises, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. CONSENT TO SUBLEASE. Lessor hereby consents to the Sublease and all of its terms, covenants and conditions, subject to the terms of this Agreement. Sublessee agrees that no amendment or modification of the Sublease shall be valid or enforceable unless and until the Lessor has specifically consented to such amendment or modification in writing, in each and every instance.

2. SUBLEASE CONTINUATION. In the event the Master Lease is terminated, provided Sublessee is not then in default under the Sublease, the Sublease shall continue in full force and effect, without necessity for executing any new lease, as a direct lease between Sublessee and the Lessor, upon all of the same terms, covenants and provisions contained in the Sublease and in such event:

2.1 Sublessee Bound. Sublessee shall be bound to Lessor under all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including any extension periods, if Sublessee elects or has elected to exercise any option

to extend the term) and Sublessee hereby agrees to attorn to Lessor under the Sublease; and

2.2 Lessor Bound. From and after the termination of the Master Lease, so long as Lessor is the owner of the Premises, Lessor shall be subject to and shall be deemed to have assumed all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including also any extension periods, if Sublessee elects or has elected to exercise its option to extend the term).

3. NOTICES. Any notices or communications given under this Agreement shall be in writing and shall be deemed given on the earlier of actual receipt or three (3) days after deposit in the U.S. Mail, by registered or certified mail, return receipt requested, postage prepaid, at the respective addresses set forth above, or at such other address as the party entitled to notice may designate by written notice as provided herein.

4. SUCCESSORS AND ASSIGNS. Except as otherwise provided in Paragraph 2 hereinabove, this Agreement shall bind and inure to the benefit the parties hereto and their respective successors and assigns.

5. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties and cannot be changed, modified, waived or canceled except by an agreement in writing executed by the parties against whom enforcement of such modification, change, waiver or cancellation is sought.

EXECUTED as of the date first hereinabove written.

LESSOR: WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: ______________________________________

Name: ____________________________________

Title: ___________________________________

SUBLESSEE: _______________________________________,

A ___________________________

By: ______________________________________

Name: ____________________________________

Title: ___________________________________

EXHIBIT G

Memorandum or Short Form of Lease

AFTER RECORDING RETURN TO

Ms. Arlene M. Phillips
Guaranty Abstract Company
320 S. Boulder
Tulsa, Oklahoma 74103-3400

(This space reserved for recording information)

MEMORANDUM OF MASTER LEASE

THIS MEMORANDUM OF MASTER LEASE, is entered into this 11th day of September, 2001, by and among WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), and WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company ("Guarantor").

WITNESSETH:

For and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Lessor hereby demises, leases and lets to the Lessee, and Lessee hereby takes, leases and lets from Lessor, certain real property more particularly described on Exhibit "A" attached hereto and made a part hereof, together with the improvements located thereon and various items of personal property and fixtures connected therewith, in the City of Tulsa, County of Tulsa, State of Oklahoma (all of which are more particularly described in the Master Lease hereinafter referenced), together with all the hereditaments, privileges and appurtenances thereto belonging (hereinafter collectively called the "Leased Properties").

TO HAVE AND TO HOLD the Leased Properties for a term of ten (10) years, commencing on September 11, 2001, and terminating at 12:00 P.M. on September 10, 2011 (the "Term"), with the option (i) in Lessee to purchase the Leased Properties by written notice to Lessor ,and (ii) in Lessor to require the Lessee to purchase the Leased Properties, all as provided under the terms of a certain Master Lease Agreement dated effective as of September 11, 2001, entered into by and among Lessor, Lessee and Guarantor (hereinafter called the "Master Lease"), at the rentals and subject to the terms, covenants and conditions appearing in the Master Lease. The Master Lease also contains the guaranty by Guarantor, of all of the duties and obligations of Lessee set forth therein as well as certain other duties and obligations.

1. MORTGAGE. Subject to the terms and conditions of the Master Lease, and in addition to all other rights and remedies of Lessor as contained herein or under applicable law, the Lessee does hereby mortgage, pledge, grant, bargain, sell, convey, assign, warrant, transfer and set over to the Lessor, WITH POWER OF SALE, to the extent permitted by applicable law: (i) all of the Lessee's right, title and interest, if any, in the Leased Properties, and (ii) all of the

Lessee's right, title and interest in and to all proceeds of the conversion, whether voluntary or involuntary, of any of the Leased Properties into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made as a result of casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value thereof, the foregoing collectively being referred to hereinafter as the "Security Property".

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, unto the Lessor, its successors and assigns, forever, for the uses and purposes herein expressed, but not otherwise.

2. SECURITY INTEREST. Subject to the terms and conditions of the Master Lease, the Lessee hereby grants to the Lessor a security interest in the Lessee's interest, if any, in that portion of the Security Property (the "UCC Property") subject to the Uniform Commercial Code of the State of Oklahoma (the "UCC"). The Master Lease shall also be deemed to be a security agreement and a financing statement filed as a fixture filing pursuant to 12A O.S. Section 9-402(6) and shall support any financing statement showing the Lessor's interest as a secured party with respect to any portion of the UCC Property described in such financing statement. The Lessee agrees, at its sole cost and expense, to execute, deliver and file from time to time such further instruments as may be requested by the Lessor to confirm and perfect the lien of the security interest in the collateral described in the Master Lease.

3. ASSIGNMENT OF LEASES AND RENTS. The Lessee hereby irrevocably assigns, conveys, transfers and sets over unto the Lessor (subject, however, to the Master Lease and the rights of the Lessee thereunder and hereunder) all and every part of the rents, issues and profits that may from time to time become due and payable on account of any and all subleases or other occupancy agreements now existing, or that may hereafter come into existence with respect to the Leased Properties or any part thereof, including any guaranties of such subleases or other occupancy agreements. Upon request of the Lessor, the Lessee shall execute and cause to be recorded, at its expense, supplemental or additional assignments of any subleases or other occupancy agreements, of the Leased Properties. Upon the occurrence and continuance of a Event of Default, the Lessor is hereby fully authorized and empowered in its discretion (in addition to all other powers and rights herein granted), to apply for and collect and receive all such rents, issues and profits and to enforce any guaranty or guaranties, and all money so received under and by virtue of this assignment shall be held and applied as further security for the payment of the indebtedness secured hereby and to assure the performance by the Lessee of its covenants, agreements and obligations under the Master Lease.

A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW THE LESSOR TO TAKE THE SECURITY PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT BY THE LESSEE.

4. INCORPORATION OF TERMS. The terms, covenants and conditions of the Master Lease are incorporated herein by reference with the same force and effect as though fully set forth herein. Capitalized terms not specifically defined herein shall have the meanings as set forth in the Master Lease.

5. EFFECT OF MEMORANDUM. The purpose of this Memorandum of Master Lease is to give notice of the existence of such Master Lease, and it is understood that this Memorandum of Master Lease shall not modify or amend the Master Lease in any respect. In the event there are any conflicts between the Master Lease and this Memorandum of Master Lease, the Master Lease shall control in all cases.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

LESSOR

WILLIAMS HEADQUARTERS BUILDING
COMPANY, A Delaware Corporation

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

LESSEE

WILLIAMS TECHNOLOGY CENTER, LLC,
A Delaware Limited Liability Company

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

GUARANTOR

WILLIAMS COMMUNICATIONS, LLC,
A Delaware Limited Liability Company

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on September _____, 2001, by Mark W. Husband, as Assistant Treasurer of WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation.

Notary Public

My Commission Expires:

- ----------------------------
(SEAL)

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on September ____, 2001, by __________________________, as Vice President of WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company.

Notary Public

My Commission Expires:

- ----------------------------
(SEAL)

STATE OF OKLAHOMA   )
) SS.
COUNTY OF TULSA   )

The foregoing instrument was acknowledged before me on September ______, 2001, by __________________________________, as Vice President of WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company.

Notary Public

My Commission Expires:

- ----------------------------
(SEAL)

EXHIBIT H

GUARANTY

TO: WILLIAMS HEADQUARTERS BUILDING COMPANY ("Lessor")
One Williams Center, Suite 2200
Tulsa, Oklahoma 74172

Lessor is hereby requested by the undersigned (the "Guarantor"), to extend credit to Williams Technology Center, LLC, a Delaware limited liability company (hereinafter called the "Lessee") in the principal amount of TWO HUNDRED FORTY-FIVE MILLION AND NO/100 DOLLARS ($245,000,000.00) evidenced by that certain Master Lease of even date herewith, and executed among Lessee, Lessor and Guarantor (the "Master Lease"), as further described in that certain Agreement of Purchase and Sale of even date herewith, between Lessee and Lessor (the "Purchase Agreement").

To induce Lessor to extend such credit, in consideration thereof, and in consideration of the benefits to accrue to the undersigned therefrom, the undersigned hereby guarantees to Lessor the prompt payment at maturity, and at all times thereafter, of such indebtedness, including interest thereon and all costs, reasonable attorney's fees, and expenses which may be suffered by Lessor by reason of the Lessee's default in the payment of such indebtedness or the default of the Guarantor hereunder. Guarantor further guarantees to Lessor the full, punctual and faithful performance of each and every covenant, term, condition or obligation to be performed by the Lessee in respect to the Master Lease and/or the terms of any other instrument executed in connection with or as security for the payment of the indebtedness, including without limitation, the Purchase Agreement.

This is an absolute and continuing guarantee of payment in any event and shall not terminate until Lessor has been paid in full the total amount of such indebtedness and the Lessee has performed all obligations as prescribed in the Master Lease.

Guarantor agrees that the liability under this Guaranty shall not be released, diminished, impaired, reduced or affected by:

a. The taking or accepting of any other security or guaranty for any or all of such indebtedness or obligation;

b. Any release, surrender, exchange, subordination or loss of any security at any time existing in connection with any or all of such indebtedness;

c. Any partial release of the liability of the undersigned hereunder or under any other instrument executed in connection with or as security for such indebtedness;

d. The insolvency, bankruptcy, disability or lack of entity power of Lessee, Guarantor, or any party at any time liable for the payment of any or all of such indebtedness whether now existing or hereafter occurring;

e. Any renewal, extension and/or rearrangement of the Master Lease or the payment of any or all of the indebtedness or the performance of any covenants contained in any instrument executed in connection with such indebtedness, either with or without notice to or consent of Guarantor, or any adjustment, indulgence, forbearance or compromise that may be granted or given by Lessor to any party;

f. Any neglect, delay, omission, failure or refusal of Lessor to take or prosecute any action for the collection of any of such indebtedness or to foreclose or take or prosecute any action in connection with the Master Lease or as security for any of such indebtedness; or

g. Any failure of Lessor to notify Guarantor of any renewal, extension or assignment of the indebtedness guaranteed hereby, or any part thereof, or the release of any security or of any other action taken or refrained from being taken by Lessor against Lessee or any new agreement between Lessor and Lessee, it being understood that Lessor shall not be required to give Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with the indebtedness hereby guaranteed.

In the event of default in payment or performance by Lessee, Guarantor agrees that after the expiration of any applicable cure period set forth in the Master Lease, Lessor may first proceed against this Guaranty and against any security given by Guarantor in connection herewith to satisfy such indebtedness, without first having (i) to proceed against the Lessee, or (ii) to proceed against or give credit for any security which may have been given to Lessor by the Lessee or any other party.

Guarantor hereby waives notice of acceptance hereof and the presentment, demand, protest and notice of nonpayment or nonperformance, or protest in connection with the Master Lease, and Guarantor waives all set-offs and counterclaims. Payment and performance by Guarantor hereunder shall not entitle Guarantor, by subrogation or otherwise, to any payment by Lessee except after Lessor has received full payment and performance of all amounts and obligations to be paid and performed by the Lessee contingently, absolutely or otherwise, by reason of the instruments described herein.

Guarantor hereby waives and relinquishes any right of reimbursement, subrogation, indemnification or other recourse or claim, whether contingent or matured, which Guarantor may have against Lessee. It is the express intent of Guarantor to eliminate any debtor/creditor relationship between Guarantor and Lessee. Guarantor hereby expressly releases and waives any and all present and future rights as a creditor of Lessee in all respects. Guarantor further waives and relinquishes all rights, remedies, defenses and claims and/or rights of counterclaim, recoupment, offset or setoff, including, but not limited to, all offsets, setoffs, rights, remedies or defenses which may be afforded Guarantor by any of Title 12, OKLA. STAT. Section 686 and/or Title 15, OKLA. STAT. Sections 334, 337, 338 and 344, as any of such statutes may be amended from time to time.

This Guaranty shall be binding on Guarantor, its successors and assigns, and shall inure to the benefit of Lessor and its successors and assigns. All of Lessor's rights hereunder shall be cumulative and not alternative.

This instrument is executed and delivered as an incident to a lending transaction negotiated and consummated in Tulsa, Oklahoma, and shall be construed according to the laws of the State of Oklahoma.

If any provision of this Guaranty shall be held to be void or unenforceable for any reason, such provision shall be deemed modified so as to constitute a provision conforming as nearly as possible to such void or unenforceable provision while still remaining valid and enforceable, and the remaining terms or provisions hereof shall not be affected thereby.

EXECUTED this 11th day of September, 2001.

WILLIAMS COMMUNICATIONS, LLC,
A Delaware Limited Liability Company

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

EXHIBIT I

Interest Rate Calculation

The following definitions shall apply to this EXHIBIT I:

"ABR", when used herein, refers to interest at a rate determined by reference to the Alternate Base Rate.

"Applicable Margin" means, for any day, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Guarantor's Bank Facility Rating set by S&P and Moody's, respectively, applicable on such date plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Lessor in respect of the most recently ended fiscal quarter of WCG, is less than 6:00 to 1:00.

"Eurodollar", when used herein, refers to interest at a rate determined by reference to the Adjusted LIBO Rate.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility, all as defined in the Credit Agreement.

"LIBO Rate" means, with respect to any Eurodollar Rate, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lessor from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of each calendar month, as the rate for dollar deposits with a maturity of thirty (30) days. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity of thirty (30) days are offered by the principal London office of the CitiBank, N.A., in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of each calendar month. In either case, the applicable LIBO Rate shall be effective for the calendar month next succeeding the date of such determination.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

At Lessee's option, ABR plus Applicable Margin or LIBO Rate plus Applicable Margin (the "Rate") as determined from time to time by S&P or by Moody's based on Guarantor's Facilities Rating in accordance with the grid below:

	FACILITIES RATING OF GUARANTOR	ABR SPREAD	Eurodollar Spread	LEVERAGE PREMIUM
LEVEL I	BBB- AND BAA3 OR HIGHER	0.50%	1. 50%	.25%
Level II	BB+ and Ba1	0.875%	1.875%	.25%
Level III	BB and Ba2	1.25%	2.25%	.25%
Level IV	BB- and Ba3	1.50%	2.50%	.25%
Level V	Lower than BB- or lower than Ba3	1.75%	2.75%	.25%

For purposes of the foregoing (i) if neither S&P nor Moody's or any replacement or successor facility of similar size shall have in effect a rating for the Facilities, then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

EXHIBIT J

Realty Base Rent Computation

Monthly Realty Base Rent to be an amount as would be necessary to amortize $168,892,596 (the "Realty Base Rent Principal") on a straight-line basis over a period of four hundred and eighty (480) months plus interest (the "Realty Base Rent Interest") calculated at the Rate for the first thirty-six (36) months after the Commencement Date and on a straight-line basis over a period of two hundred and four (204) months plus interest calculated at the Rate for the remaining balance thereafter, subject however to the adjustments made with respect to levels two (2) and three (3) of the Center as set forth in Section 3.1. On the Realty Expiration Date, a final payment of Realty Base Rent in the amount computed by taking what would be the remaining Realty Base Rent Principal as amortized pursuant to this EXHIBIT J, as of the Realty Expiration Date.

EXHIBIT K

Category 1 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Furniture	#10001052	$17,878,000
Design Fees & Expenses	#10001285	$ 2,345,477
Voice Systems	IT-VS-2001	$ 5,465,827
Flooring (initial order)	#10000723 & 10001038	$ 1,677,487
Contingent Costs		$ 1,189,689
SUBTOTAL		$28,556,480

The Lessor and Lessee agree to reconcile the exact Category 1 FF&E within forty-five (45) days of the Substantial Completion Date as defined in the Construction Completion Agreement.

EXHIBIT L

Category 1 FF&E Base Rent Computation

CATEGORY 1 FF&E BASE RENT. Monthly Category 1 FF&E Base Rent to be an amount as would be necessary to amortize $28,556,480 on a straight-line basis over a period of sixty (60) months plus interest calculated at the Rate.

EXHIBIT M

Category 2 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Desktop	IT-DT-2001	$ 7,608,570
Audio Visual	#10001221	$19,996,330
Data Network	IT-DN-2001	$13,800,779
Servers	IT-SA-2001	$ 5,867,282
Contingent Costs		$ 277,963
SUBTOTAL		$47,550,924

The Lessor and Lessee agree to reconcile the exact Category 2 FF&E within forty-five (45) days of the Substantial Completion Date as defined in the Construction Completion Agreement.

EXHIBIT N

Category 2 FF&E Base Rent Computation

CATEGORY 2 FF&E BASE RENT. Monthly Category 2 FF&E Base Rent to be an amount as would be necessary to amortize $47,550,924 on a straight-line basis over a period of thirty-six (36) months plus interest calculated at the Rate.

EXHIBIT O

1. OPTION TO PURCHASE/ PUT OPTION TERMS

1.1 SALE AGREEMENT. Upon the exercise by Lessee of its option to purchase or by Lessor of its option to require the Lessee to purchase (either being described herein as an "Exercise of Option"), both as set forth in Article XLII, the Lessor agrees to sell to the Lessee and the Lessee agrees to purchase from the Lessor the Realty for the Repurchase Price, on the terms hereinafter stated.

1.2 TITLE. Lessor shall transfer title to the Realty subject only to outstanding mineral interests of record, if any, the Permitted Exceptions and such other easements, restrictions of record.

1.3 LESSOR'S DELIVERIES BEFORE CLOSING. Within twenty (20) days after the Exercise Date, Lessor will deliver to Lessee the following:

1.3.1 Leases and Contracts. Access to all leases and contracts affecting the ownership, operation or maintenance of the Realty.

1.3.2 Survey. Any existing surveys of the Realty, in Lessor's possession or control.

1.4 SELLER'S DELIVERIES AT CLOSING. At Closing, Lessor shall deliver to Lessee the following:

1.4.1 Deed. A duly-executed and acknowledged Special Warranty Deed the form of which is attached hereto as Exhibit I conveying to the Lessee marketable fee simple title to all of the Realty free of all liens and Encumbrances and defects in title except as set forth in to Paragraph 1.2 hereinabove.

1.4.2 Evidence of Authority. Reasonable evidence of the Lessor's authority to consummate the transactions contemplated hereby.

1.4.3 Leases and Contracts. The originals of the items listed in Paragraph 1.3.1 hereinabove.

1.4.4 Lien Affidavit. Affidavit executed by Lessor in form acceptable to the title company to the effect that the Realty is free from claims for mechanics', materialmen's and laborers' liens except as arising from the acts of Lessee.

1.4.6 Bill of Sale. If the Closing Date occurs on or prior to either the Category 1 FF&E Expiration Date at the Category 2 FF&E Expiration Date, a Special Warranty Bill of Sale covering the Category 1 FF&E and/or the Category 2 FF&E, as applicable.

1.5 LESSEE'S DELIVERIES AT CLOSING. At Closing, Lessee shall deliver to Lessor the following:

1.5.1 Consideration. The Repurchase Price.

1.6 CLOSING COSTS. All of the closing costs of or related to this transaction of whatever character or nature, and regardless of which party may have incurred the same shall be payable in full, by the Lessee.

1.7 CLOSING DATE. In the event of the Exercise Option, the closing (the "Closing Date") of the purchase and sale of the Realty shall be the earlier to occur of (i) the Realty Expiration Date, or (ii) ninety (90) days after the Exercise Date, with the exact date of Closing Date to be set by Lessor upon at least ten (10) days prior written notice to Lessee.

2. PURCHASE AND SALE TERMS FOR LEASED PERSONAL PROPERTY.

TRANSFER UPON PAYMENT. Upon the payment in full in each case of (i) the Category 1 FF&E Base Rent and (ii) the Category 2 FF&E Base Rent, the Lessor agrees to sell to Lessee and Lessee agrees to purchase from Lessor for no additional consideration, the Category 1 FF&E and Category 2 FF&E respectively. In the event of either of the foregoing, (i) within twenty (20) days after the Category 2 FF&E Expiration Date the Lessor shall provide to Lessee a Special Warranty Bill of Sale covering $47,550,924 of original cost of Category 2 FF&E, and (ii) within twenty (20) days after the Category 1 FF&E Expiration Date shall provide to Lessee a Special Warranty Bill of Sale covering $28,556,481 of original cost of Category 1 FF&E.

3. DEFAULT AND REMEDIES. In the event either party defaults in the performance of any obligations under this EXHIBIT O, the non-defaulting party shall give written notice of such default to the defaulting party. The defaulting party (i) shall have thirty (30) days from receipt of such notice in which to cure such default, or (ii) in the event such default involves performance other than the payment of money, and cannot be reasonably cured within such thirty (30) day period notwithstanding the diligent efforts of the defaulting party, shall have such additional period as may be necessary to cure such default so long as the defaulting party has commenced such cure within such thirty (30) day period and thereafter diligently and continuously pursues a cure of such default. In the event any such default is not cured within such period, the non-defaulting party shall be entitled either (i) to waive such default in writing, or (ii) to pursue any and all of its rights and remedies under applicable law, including, without limitation, specific performance.

EXHIBIT P

UCC INFORMATION

AS TO LESSEE:

Jurisdiction of Organization: Delaware

Type of Organization: Limited Liability Company

Federal Employer Identification Number: Applied For

State Organization Number: Delaware 3352656

Principal Place of Business and Mailing Address: One Technology Center
Tulsa, Oklahoma 74103

AS TO GUARANTOR:

Jurisdiction of Organization: Delaware

Type of Organization: Limited Liability Company

Federal Employer Identification Number: 73-1349451

State Organization Number: Delaware 2206783

Principal Place of Business and Mailing Address: One Technology Center
Tulsa, Oklahoma 74103

SCHEDULE 22.2

Sublease Parties

None

EXHIBIT A

CENTER PARCEL

The Easterly Half (E/2) of Block Eighty-eight (88), ORIGINAL TOWN OF TULSA, located in the City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof, more particularly described as follows:

BEGINNING at the Southeasterly corner of Block 88; thence Northerly 300 feet along the Easterly line of Block 88 to the Northeasterly corner of said Block; thence Westerly along the Northerly line of said Block a distance of 150 feet to a point; thence Southerly a distance of 300 feet to a point on the Southerly line of said Block; thence Easterly along the Southerly line 150 feet to the Point of Beginning.

AND, the following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, a portion of South Cincinnati Avenue adjacent to Blocks 88 and 87, Original Townsite, Tulsa County, State of Oklahoma and said portion of East Second Street adjacent to Blocks 88 and 106, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of Three (3) feet lower than the driving lanes of said roadway. Said potion of streets being more fully described as follows to wit:

Commencing at the point of beginning, said point being the northeast corner of Block 88; thence westerly along the northerly line of said Block 88 a distance of 160.00 feet; thence northerly and perpendicular to the northerly line of said Block 88 a distance of 3.50 feet; thence easterly and parallel the northerly line of said Block 88 a distance of 166.75 feet; thence southerly and parallel the easterly line of said Block 88 a distance of 311. 50 feet; thence westerly and parallel the southerly line of Block 88 a distance of 166.75 feet; thence northerly a distance of 8.00 feet to a point on the southerly line of said Block 88, said point being 10.00 feet westerly from the southwest corner of Lot 6, Block 88; thence easterly along the southerly line of Block 88 a distance of 160.00 feet to the southeast corner of Lot 6 Block 88; thence northerly along the easterly line of Block 88 a distance of 300.00 feet to the point of beginning.

Skywalk No. 1

The following described property:

A portion of South Cincinnati Avenue adjacent to Blocks 73 and 74, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of South Cincinnati Avenue being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southwest corner of Lot 3 Block 74, Original Townsite; thence northerly along the westerly line a distance of 32.00

feet of said Lot 3, Block 74; thence westerly and perpendicular a distance of 80.00 feet to a point on the easterly line of Lot 1, Block 73, Original Townsite; thence southerly along the easterly line a distance of 32.0 feet of said Lot 1, Block 73; thence easterly and perpendicular a distance of 80.00 feet to the point of beginning.

Skywalk No. 2

The following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of East First Street being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southeast corner of Lot 1, Block 73, Original Townsite; thence westerly along the southerly line of Lot 1 Block 73 a distance of 26.00 feet; thence southerly and perpendicular a distance of 80.00 feet to a point on the northerly line of Lot 3, Block 88, Original Townsite; thence easterly along the northerly line of Lot 3 Block 88 a distance of 26.00 feet to the northeast corner of Lot 3, Block 88; thence northerly and perpendicular a distance of 80.00 feet to the point of beginning.

EXHIBIT B

CENTER PLANT SPACE

[DRAWING]

EXHIBIT C

LITIGATION AND CLAIMS

1. Potential claims arising out of the General Contractor's Agreement for Williams Center Expansion Project between Manhattan Construction Company and Purchaser dated August 27, 1999, and the General Contractor's Agreement for the Williams Technology Center Design Project between Manhattan Construction Company and Guarantor (formerly Williams Communications, Inc.), as assigned to Purchaser effective February 26, 2001.

EXHIBIT D

PARKING GARAGE PARCEL

TRACT A:

Lots One (1), Two (2), Three (3) and Four (4), Block Seventy-four (74), ORIGINAL TOWNSITE OF TULSA, now City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof;

TRACT B:

All that part of the Original Tulsa Station and Depot Grounds of the Burlington Northern Railroad Company's Right of Way located in Sections 1 and 2, Township 19 North, Range 12 East of the Indian Base and Meridian, more particularly described as follows, to-wit:

BEGINNING at a point that is the Northwest corner of Block 74, Original Town of Tulsa, now City of Tulsa, Tulsa County, Oklahoma, according to the Official Plat thereof; thence Westerly along the Westerly production of the North line of Block 74, a distance of 80.00 feet to a point, also being the Northeast corner of Block 73, said point also being the Southeast corner of that certain sale to the Tulsa Urban Renewal Authority, dated December 30, 1970, recorded December 30, 1970, in Book 3951 at Pages 1235, 1236, 1237 and 1238, and correction deed dated August 28, 1973; thence Northerly along the Northerly production of the East line of said Block 73 a distance of 200.00 feet; thence Easterly parallel 200.00 feet Northerly of the North line of said Block 74 a distance of 80.00 feet to a point on the Northerly production of the West line of Block 74; thence Southerly along the Northerly production of the West line of Block 74 a distance of 20.00 feet; thence Easterly parallel 180.00 feet Northerly of the North line of said Block 74 a distance of 60.91 feet to a point of intersection with an existing concrete retaining wall; thence Northeasterly along a deflection angle to the left of 5(degree)42'01" a distance of 240.27 feet to a point on the Northerly production of the East line of Block 74; thence Southerly along said Northerly production of the East line of Block 74 a distance of 203.86 feet to the Northeast corner of Block 74; thence Westerly along the Northerly line of Block 74 a distance of 300.00 feet to the Point of Beginning of said tract of land.

AND, the following described property:

A portion of East First Street adjacent to Block 74 and Block 87 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of One (1) foot lower than the driving lanes of said roadway. Said portion of street being more fully described as follows to wit:

Commencing at a point of beginning, said point being the southwest corner of Block 74; thence southerly and perpendicular to the south line of Block 74 a distance of 2.75 feet; thence easterly and parallel to the southerly line of said Block 74 a distance of 302.75 feet; thence northerly and parallel to the easterly line of Block 74 a distance of 191.00 feet; thence westerly and perpendicular a distance of 2.75 feet to the east line of Block 74; thence southerly along the east line of Block 74 a distance of 188.25 feet, thence westerly along the southerly line of Block 74 a distance of 300.00 feet, to the point of beginning.

EXHIBIT E

LEGAL DESCRIPTION OF COOLING TOWER PARCEL

Lots Eight (8) and Nine (9), Block Eighty-Seven (87), Original Town, now City of Tulsa, Tulsa County, State of Oklahoma, according to the plat thereof.

EXHIBIT F

[COMMITMENT FOR TITLE INSURANCE]

EXHIBIT G

AGREED ALLOCATION

ITEM	ALLOCATION
Center	$ 79,200,000
Center Parcel	1,450,000
Parking Garage	9,000,000
Parking Garage Parcel	670,000
Fixtures	78,572,595
Furniture and Equipment	76,107,405
TOTAL	$245,000,000

EXHIBIT H

ANCILLARY CONTRACTS

1. Management Services Agreement dated April 23, 2001, executed by Purchaser, as Manager, and Seller, as Owner, covering the Acquired Assets (exclusive of the Parking Garage and the Parking Garage Parcel) (the "Management Agreement").

2. Lease Agreement dated April 23, 2001, executed by Seller, as Landlord, and Purchaser, as Tenant, pertaining to the Central Plant (the "Central Plant Lease").

3. Utility Services Agreement dated April 23, 2001, executed by Purchaser, as Owner, and Seller, as Customer (the "Utility Services Agreement").

EXHIBIT 10(y)

MASTER LEASE AGREEMENT

BETWEEN

WILLIAMS HEADQUARTERS BUILDING COMPANY,

WILLIAMS TECHNOLOGY CENTER, LLC,

WILLIAMS COMMUNICATIONS, LLC,

AND

WILLIAMS COMMUNICATIONS GROUP, INC.

DATED EFFECTIVE AS OF
SEPTEMBER 13, 2001

TABLE OF CONTENTS

ARTICLE I
LEASEHOLD ESTATE

1.1	LEASE	1
1.2	INDIVISIBILITY	1
1.3	TERMS	2

ARTICLE II
DEFINITIONS

2.1	DEFINITIONS	2

ARTICLE III
RENT

3.1	BASE RENT; MONTHLY INSTALLMENTS	17
3.2	ADDITIONAL CHARGES	17
3.3	LATE CHARGE; INTEREST	17
3.4	NET LEASE	17
	3.4.1 Absolute Obligation	18
	3.4.2 No Counterclaim or Cross Complaint	18

ARTICLE IV
IMPOSITIONS

4.1	PAYMENT OF IMPOSITIONS	18
4.2	ADJUSTMENT OF IMPOSITIONS	18
4.3	UTILITY CHARGES	18
4.4	INSURANCE PREMIUMS	18
4.5	TAX RETURNS AND REFUNDS	18

ARTICLE V
NO TERMINATION AND WAIVER

5.1	NO TERMINATION, ABATEMENT, ETC.	19

ARTICLE VI
LEASE CHARACTERIZATION

6.1 STATUS OF OWNERSHIP OF THE LEASED PROPERTIES 19
6.2 LEASED PERSONAL PROPERTY 20
6.3 LESSEE'S PERSONAL PROPERTY 20

ARTICLE VII
CONDITION, USE AND ENVIRONMENTAL MATTERS

7.1 CONDITION OF THE LEASED PROPERTIES 21
7.2 USE OF THE LEASED PROPERTIES 21
7.3 CERTAIN ENVIRONMENTAL MATTERS 21
7.3.1 Prohibition Against Use of Hazardous Substances 21
7.3.2 Notice of Environmental Claims, Actions or Contaminations 22
7.3.3 Costs of Remedial Actions with Respect to Environmental Matters 22
7.3.4 Delivery of Environmental Documents 22
7.3.5 Environmental Audit 22
7.3.6 Entry onto Leased Properties for Environmental Matters 23
7.3.7 Environmental Matters Upon Termination of the Lease or Expiration of Term 23
7.3.8 Compliance with Environmental Laws 23
7.3.9 Environmental Related Remedies 24
7.3.10 Environmental Indemnification 25
7.3.11 Rights Cumulative and Survival 26

ARTICLE VIII
LEGAL AND INSURANCE REQUIREMENTS

8.1 COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS 26
8.2 CERTAIN COVENANTS 26
8.2.1 Existence; Conduct of Business 26
8.2.2 Payment of Obligations 27
8.2.3 Maintenance of Properties 27
8.2.4 Insurance 27
8.2.5 Casualty and Condemnation 27
8.2.6 Books and Records; Inspection and Audit Rights 27
8.2.7 Compliance with Laws 27
8.2.8 Further Assurances 28
8.3 CERTAIN NEGATIVE COVENANTS 28
8.3.1 No Other Debt 28
8.3.2 Limitation of Distributions 28
8.3.3 Pledge or Encumber Assets 28
8.3.4 Guarantees Prohibited 28
8.3.5 Encumbrances 28
8.3.6 Fundamental Changes 28
8.3.7 Other Material Agreements 29
8.4 ADDITIONAL FINANCIAL COVENANTS 29

8.4.1 Certain Definitions 29
8.4.2 Total Net Debt to Contributed Capital Ratio 29
8.4.3 Minimum EBITDA 29
8.4.4 Total Leverage Ratio 29
8.4.5 Senior Leverage Ratio 30
8.4.6 Interest Coverage Ratio 30

ARTICLE IX
MAINTENANCE

9.1 MAINTENANCE AND REPAIR 30
9.1.1 Status and Quality 30
9.1.2 No Liability of Lessor 31
9.1.3 Contracting with Third Parties 31
9.1.4 Replacements 31
9.1.5 Vacation and Surrender 31
9.2 ENCROACHMENTS; RESTRICTIONS. ETC. 32

ARTICLE X
ALTERATIONS AND ADDITIONS

10.1 Construction of Alterations and Additions to the Leased Properties 32
10.1.1 Lessor's Approval Not Required 32
10.1.2 Quality of Work 33
10.1.3 No Claim Against Lessor 33
10.1.4 Asbestos - Containing Material 33

ARTICLE XI
LIENS

11.1 LIENS 33

ARTICLE XII
PERMITTED CONTESTS AND DEPOSITS

12.1 PERMITTED CONTESTS 33

ARTICLE XIII
INSURANCE

13.1 GENERAL INSURANCE REQUIREMENTS 34
13.1.1 Worker's Compensation Insurance 34
13.1.2 Commercial General Liability Insurance 34
13.1.3 Automobile Liability 35
13.1.4 Excess Liability Insurance 35

	13.1.5	Property Insurance	35
	13.1.6	Status of Insurance Company	35
	13.1.7	Waiver of Subrogation	35
	13.1.8	Additional Insureds	35
	13.1.9	Non-Renewal	36
	13.1.10	Original or Certified Copies	36
13.2	PREMIUM DEPOSITS		36
13.3	INCREASE IN LIMITS		36
13.4	BLANKET POLICY		36
13.5	COPIES OF POLICIES; CERTIFICATES		36

ARTICLE XIV
DISBURSEMENT OF INSURANCE PROCEEDS

14.1	INSURANCE PROCEEDS		36
	14.1.1	Proceeds of All-Risk Property Insurance	36
14.2	RESTORATION IN THE EVENT OF DAMAGE OR DESTRUCTION		37
14.3	RESTORATION OF LESSEE'S PROPERTY		37
14.4	NO ABATEMENT OF RENT		37
14.5	WAIVER		37
14.6	DISBURSEMENT OF INSURANCE PROCEEDS EQUAL TO OR GREATER THAN THE APPROVAL THRESHOLD		37
	14.6.1	Plans and Specifications	37
	14.6.2	Construction Funds	38
	14.6.3	Lien Waivers	38
	14.6.4	Progress of Work	38
	14.6.5	Inadequacy of Construction Funds	38
	14.6.6	Disbursement	38
	14.6.7	Lessee Default	38
	14.6.8	Lessor Reimbursement	39
14.7	NET PROCEEDS PAID TO FACILITY MORTGAGEE		39
14.8	TERMINATION OF LEASE		39

ARTICLE XV
CONDEMNATION

15.1	TOTAL TAKING OR OTHER TAKING WITH EITHER LEASED PROPERTY RENDERED UNSUITABLE FOR ITS PRIMARY INTENDED USE		39
15.2	ALLOCATION OF AWARD		39
15.3	PARTIAL TAKING		40
15.4	TEMPORARY TAKING		40
15.5	AWARDS PAID TO FACILITY MORTGAGEE		40

ARTICLE XVI
LESSOR'S RIGHTS ON EVENT OF DEFAULT

16.1 LESSOR'S RIGHTS UPON AN EVENT OF DEFAULT 41
16.2 CERTAIN REMEDIES 41
16.3 DAMAGES 41
16.4 LESSEE'S OBLIGATION TO PURCHASE........ 42
16.5 WAIVER 42
16.6 APPLICATION OF FUNDS 42
16.7 BANKRUPTCY 42
16.7.1 No Transfer 42
16.7.2 Rights and Obligations Under the Bankruptcy Code 42
16.8 LESSOR'S RIGHT TO CURE LESSEE'S DEFAULT 43

ARTICLE XVII
ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1 ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS 43
17.1.1 Organization; Powers 43
17.1.2 Authorization; Enforceability 43
17.1.3 Governmental Approvals; No Conflicts 44
17.1.4 Financial Condition; No Material Adverse Change 44
17.1.5 Properties 45
17.1.6 Litigation and Environmental Matters 45
17.1.7 Compliance with Laws and Agreements 45
17.1.8 Investment and Holding Company Status 45
17.1.9 Taxes 46
17.1.10 ERISA 46
17.1.11 Disclosure 46
17.1.12 Insurance 46
17.1.13 Labor Matters 46
17.1.14 Solvency 47
17.1.15 No Burdensome Restrictions 47
17.1.16 Representations True and Correct 47

ARTICLE XVIII
OCCUPANCY AFTER EXPIRATION OF TERM

18.1 HOLDING OVER 47
18.2 INDEMNITY 48

ARTICLE XIX
SUBORDINATION AND ATTORNMENT

19.1 SUBORDINATION 48
19.2 ATTORNMENT 48
19.3 LESSEE'S CERTIFICATE 48

ARTICLE XX
RISK OF LOSS

20.1 RISK OF LOSS 49

ARTICLE XXI
INDEMNIFICATION

21.1 INDEMNIFICATION 49

ARTICLE XXII
RESTRICTIONS ON TRANSFERS

22.1 GENERAL PROHIBITION AGAINST TRANSFERS 50
22.2 CONSENT TO CERTAIN TRANSFERS 50
22.3 SUBORDINATION AND ATTORNMENT 50

ARTICLE XXIII
LESSEE AND GUARANTORS INFORMATION

23.1 OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS 51
23.1.1 Fiscal Year Information 51
23.1.2 Quarterly Information 51
23.1.3 Officers Certificate 52
23.1.4 Accounting Firm Certificate 52
23.1.5 Budget 52
23.1.6 SEC Filings 52
23.1.7 Other Information 52
23.1.8 Credit Agreement Information 53
23.2 PUBLIC OFFERING INFORMATION 53
23.3 NOTICES OF MATERIAL EVENTS 53
23.3.1 Event of Default 53
23.3.2 Action, Suit or Proceeding 53
23.3.3 ERISA Event 53
23.3.4 Other Matters 53

ARTICLE XXIV
INSPECTION

24.1 LESSOR'S RIGHT TO INSPECT 53

ARTICLE XXV
NO WAIVER

25.1 NO WAIVER 54

ARTICLE XXVI
REMEDIES CUMULATIVE

26.1 REMEDIES CUMULATIVE 54

ARTICLE XXVII
SURRENDER

27.1 ACCEPTANCE OF SURRENDER 54

ARTICLE XXIII
RELATIONSHIP

28.1 NO MERGER OF TITLE 55
28.2 NO PARTNERSHIP 55

ARTICLE XXIX
CONVEYANCE BY LESSOR

29.1 CONVEYANCE BY LESSOR 55

ARTICLE XXX
QUIET ENJOYMENT

30.1 QUIET ENJOYMENT 55

ARTICLE XXXI
NOTICES

31.1 NOTICES 56

ARTICLE XXXII
INTENTIONALLY OMITTED

ARTICLE XXXIII
INTENTIONALLY OMITTED

ARTICLE XXXIV
LESSOR'S OPTION TO PURCHASE

34.1 LESSOR'S OPTION TO PURCHASE LESSEE'S PERSONAL PROPERTY 57
34.2 LEASED PROPERTIES TRADE NAME 58
34.3 TRANSFER OF OPERATIONAL CONTROL OF THE FACILITIES 58
34.3.1 Employees 58
34.3.2 Change in Control 58
34.3.3 Business and Organization 58
34.3.4 Operations in Ordinary Course 58
34.3.5 Employee Benefits 59
34.3.6 Third Party Consents 59
34.3.7 Lessor as Attorney-in-Fact 59
34.4 INTANGIBLES AND PERSONAL PROPERTY 60

ARTICLE XXXV
INTENTIONALLY OMITTED

ARTICLE XXXVI
MISCELLANEOUS

36.1 COMPLIANCE WITH FACILITY MORTGAGE 60
36.2 SURVIVAL, CHOICE OF LAW 60
36.3 LIMITATION ON RECOVERY 61
36.4 WAIVERS 61
36.5 CONSENTS 61
36.6 COUNTERPARTS 61
36.7 RIGHTS CUMULATIVE 61
36.8 ENTIRE AGREEMENT 61
36.9 AMENDMENTS IN WRITING 61
36.10 SEVERABILITY 61
36.11 ESTOPPEL CERTIFICATE 61
36.12 TIME OF THE ESSENCE 62
36.13 LESSOR'S FEES AND EXPENSES 62

ARTICLE XXXVII
BROKERS

37.1 COMMISSIONS 62

ARTICLE XVIII
MEMORANDUM OF LEASE

38.1 MEMORANDUM OR SHORT FORM OF LEASE 62

ARTICLE XXXIX
RECHARACTERIZATION

39.1 RECHARACTERIZATION AS A SECURITY DOCUMENT 62

ARTICLE XL
GRANT OF LIEN

40.1 GRANT OF LIEN AND SECURITY INTEREST; ASSIGNMENT OF RENTS 63
40.1.1 Mortgage 63
40.1.2 Security Interest 63
40.1.3 Assignment of Leases and Rents 63
40.2 REMEDIES 64
40.2.1 Power of Sale Foreclosure 64
40.2.2 Judicial Foreclosure 64
40.2.3 Appointment of Receiver 64
40.2.4 Waiver of Appraisement 65
40.2.5 Additional Remedies 65
40.2.6 Cure by Purchase of Leased Properties 65

ARTICLE XLI
GRANT OF SECURITY INTEREST

41.1 GRANT OF SECURITY INTEREST 65
41.2 UCC REPRESENTATIONS AND WARRANTIES 65
41.2.1 Authorization, Validity and Enforceability 65
41.2.2 Conflicting Laws and Contracts 66
41.2.3 Type and Jurisdiction of Organization 66
41.2.4 Principal Location 66
41.2.5 Property Locations 66
41.2.6 No Other Names 66
41.2.7 No Financing Statements 66
41.2.8 Federal Employer Identification Number 66
41.3 UCC COVENANTS 66
41.3.1 Inspection 66
41.3.2 Taxes 67
41.3.3 Records and Reports; Notification of Default 67
41.3.4 Financing Statements and Other Actions; Defense of Title 67
41.3.5 Disposition of Collateral 67
41.3.6 Encumbrances 67
41.3.7 Change of Name or Mailing Address 67
41.3.8 Other Financing Statements 68
41.3.9 Maintenance of Goods 68
41.4 ACCELERATION AND REMEDIES 68
41.4.1 UCC Remedies 68
41.4.2 Disposal 68

41.4.3 Compliance with Law 68
41.5 OBLIGATIONS UPON DEFAULT 68
41.5.1 Assembly of Collateral 68
41.5.2 Lessor Access 68
41.6 ADDITIONAL UCC PROVISIONS 68
41.6.1 Notice of Disposition of Collateral; Condition of Collateral 68
41.6.2 Lessor Performance of Lessee Obligations 69
41.6.3 Authorization for Lessor to Take Certain Action 69
41.6.4 Dispositions Not Authorized 69

ARTICLE XLII
PURCHASE OPTIONS

42.1 OPTION TO PURCHASE 69
42.2. PUT OPTION OF LESSOR 70
42.3. TERMINATION OF LEASE 70

MASTER LEASE

THIS MASTER LEASE ("Lease") is executed and delivered effective as of this 13th day of September, 2001 (the "Effective Date"), and is entered into by and among WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), and WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company ("Guarantor").

RECITALS

The circumstances underlying the execution and delivery of this Lease are as follows:

A. Capitalized terms used and not otherwise defined herein have the respective meanings given them in Article II, below.

B. On even date herewith, Lessor has purchased from Lessee One Technology Center also known as Williams Technology Center, and other related assets all located in Tulsa, Oklahoma (all of which comprise the Leased Properties as defined hereinbelow).

C. Lessor now wishes to lease the Leased Properties to Lessee, and Lessee wishes to lease the Leased Properties from Lessor, on the terms and conditions set forth in this Lease.

D. As a material inducement to Lessor to enter into this Lease, Guarantor desires to unconditionally guaranty the performance of all of Lessee's duties and obligations hereunder.

IN CONSIDERATION of the foregoing, the covenants and agreements contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, Lessor, Lessee and Guarantor agree as follows:

ARTICLE I

LEASEHOLD ESTATE

1.1 LEASE. Upon and subject to the terms and conditions hereinafter set forth, Lessor leases to Lessee, and Lessee leases from Lessor, the Leased Properties. Each Facility is leased subject to all covenants, conditions, restrictions, easements and other matters affecting such Facility, whether or not of record, including the Permitted Encumbrances and other matters which would be disclosed by an inspection of the Facility or by an accurate survey thereof.

1.2 INDIVISIBILITY. This Lease constitutes one indivisible lease of the Leased Properties, and not separate leases governed by similar terms. The Leased Properties constitute one economic unit, and the Base Rent and all other provisions have been negotiated and agreed to based on a demise of all of the Leased Properties as a single, composite, inseparable transaction and would have been substantially different had separate leases or a divisible lease

been intended. Except as expressly provided herein for specific, isolated purposes (and then only to the extent expressly otherwise stated), all provisions of this Lease apply equally and uniformly to all the Leased Properties as one unit. An Event of Default with respect to any Leased Property is an Event of Default as to all of the Leased Properties. The parties intend that the provisions of this Lease shall at all times be construed, interpreted and applied so as to carry out their mutual objective to create an indivisible lease of all the Leased Properties and, in particular but without limitation, that for purposes of any assumption, rejection or assignment of this Lease under 11 U.S.C. Section 365 of the Bankruptcy Code, this is one indivisible and non-severable lease and executory contract dealing with one legal and economic unit which must be assumed, rejected or assigned as a whole with respect to all (and only all) the Leased Properties covered hereby.

1.3 TERMS. This Lease shall have the Category 1 FF&E Term for the Category 1 FF&E, the Category 2 FF&E Term for the Category 2 FF&E, and the Realty Term for the Land and Leased Improvements (collectively the "Term" or "Terms").

ARTICLE II

DEFINITIONS

2.1 DEFINITIONS. For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP as at the time applicable, (iii) unless otherwise specifically designated, all references in this Lease to designated "Articles," Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease, and (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

Additional Charges: All Impositions and other amounts, liabilities and obligations which Lessee assumes or agrees to pay under this Lease, including without limitation, any and all costs, expenses and charges relating to the upkeep and operation of the Leased Properties.

Affiliate: Any Person which, directly or indirectly, Controls or is Controlled by or is under common Control with another Person.

Approval Threshold: Five Hundred Thousand Dollars ($500,000.00).

Assessment: Any governmental assessment on the Leased Properties or any part thereof for public or private improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term.

Assumed Indebtedness: Any indebtedness or other obligations expressly assumed in writing by Lessor and secured by a mortgage, deed of trust or other security agreement to which Lessor's title to the Leased Properties is subject.

Award: All compensation, sums or anything of value awarded, paid or received in connection with a total or partial Taking.

Base Rent: Collectively the Category 1 FF&E Base Rent, the Category 2 FF&E Base Rent and the Realty Base Rent.

Business Day: Any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan (as defined in the Credit Agreement), the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

Capital Lease Obligations: With respect to any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

Category 1 FF&E: All of the tangible personal property as set forth on EXHIBIT K.

Category 1 FF&E Base Rent: During the Category 1 FF&E Term, the Category 1 FF&E Base Rent shall be the sum computed as set forth on EXHIBIT L.

Category 1 FF&E Expiration Date: September 12, 2006.

Category 1 FF&E Term: Five (5) Lease Years commencing on the Commencement Date and ending on the Category 1 FF&E Expiration Date.

Category 2 FF&E: All of the tangible personal property as set forth on EXHIBIT M.

Category 2 FF&E Base Rent: During the Category 2 FF&E Term, the Category 2 FF&E Base Rent shall be the sum computed as set forth on EXHIBIT N.

Category 2 FF&E Expiration Date: September 12, 2004.

Category 2 FF&E Term: Three (3) Lease Years commencing on the Commencement Date and ending on the Category 2 FF&E Expiration Date.

Center: The multi-story office building located on the Center Parcel, commonly known as the One Technology Center and Williams Technology Center.

Center Parcel: The real property more particularly described on EXHIBIT A attached hereto and made a part hereof on which the Center is located.

Central Plant: As defined in the Construction Completion Agreement.

Change in Control: means

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Guarantor or WCG, of any ownership interest in the Lessee;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) other than Guarantor, of interests representing more than thirty-five percent (35%) of either (i) the aggregate ordinary voting power represented by the issued and outstanding ownership interests of Lessee, Guarantor or WCG, or (ii) the issued and outstanding ownership interests of Lessee, Guarantor or WCG;

(c) occupation of a majority of the seats (other than vacant seats) on the board of directors of Lessee, Guarantor or WCG, by Persons who were neither (i) nominated by the respective board of directors of Lessee, Guarantor, or WCG nor (ii) appointed by directors so nominated; or

(d) the acquisition of direct or indirect Control of Lessee, Guarantor or WCG, by any Person or group.

Clean-Up: The investigation, removal, restoration, remediation and/or elimination of, or other response to, Contamination, in each case to the satisfaction of all governmental agencies having jurisdiction, in compliance with or as may be required by Environmental Laws.

Code: The Internal Revenue Code of 1986, as amended.

Collateral: Whether now in existence or hereinafter created and/or acquired, collectively all Leased Personal Property and Fixtures, and insurance proceeds and products thereof, together with all books and records, computer files, programs, printouts and other computer materials and records related thereto.

Commencement Date: The Effective Date.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

Construction Completion Agreement. The Agreement of Purchase and Sale and Construction Completion dated effective as of February 26, 2001, as amended, between Lessor as Seller, and Lessee as Purchaser, covering a portion of the Leased Properties.

Construction Funds: The Net Proceeds and such additional funds as may be deposited with Lessor by Lessee pursuant to Section 14.6 for restoration or repair work pursuant to this Lease.

Contamination: The presence, Release or threatened Release of any Hazardous Materials at the Leased Properties in violation of any Environmental Law, or in a quantity that would give rise to any affirmative Clean-Up obligations under an Environmental Law, including, but not limited to, the existence of any injury or potential injury to public health, safety, natural resources or the environment associated therewith, or any other environmental condition at, in, about, under or migrating from or to the Leased Properties.

Control: The possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Credit Agreement: The Amended and Restated Credit Agreement dated as of September 8, 1999, among Guarantor, WCG, Bank of America, N.A., The Chase Manhattan Bank, and other parties, as may be amended or waived from time to time with respect to the financial covenants therein, a copy of which constituted as of the Effective Date is attached hereto as EXHIBIT C.

Date of Taking: The date on which the Condemnor has the right to possession of the Leased Property that is the subject of the Taking or Partial Taking.

Debt: This includes, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business (as defined in the Credit Agreement) for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Debt secured thereby has been assumed, (f) all guarantees by such Person of the Debt of others, (g) all Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Debt only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor), (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Debt of any Person shall include the Debt of any other entity (including any

partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

Encumbrance: With respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

Environmental Audit: A written certificate, in form and substance satisfactory to Lessor, from an environmental consulting or engineering firm acceptable to Lessor, which states that there is no Contamination on the Leased Properties and that the Leased Properties are otherwise in strict compliance with Environmental Laws.

Environmental Documents: Each and every (i) document received by Lessee or any Affiliate from, or submitted by Lessee or any Affiliate to, the United States Environmental Protection Agency and/or any other federal, state, county or municipal agency responsible for enforcing or implementing Environmental Laws with respect to the condition of the Leased Properties, or Lessee's operations at the Leased Properties; and (ii) review, audit, report, or other analysis data pertaining to environmental conditions, including, but not limited to, the presence or absence of Contamination, at, in, or under or with respect to the Leased Properties that have been prepared by, for or on behalf of Lessee.

Environmental Laws: All federal, state and local laws (including, without limitation, common law), statutes, codes, ordinances, regulations, rules, orders, permits or decrees relating to the introduction, emission, discharge or release of Hazardous Materials into the indoor or outdoor environment (including without limitation, air, surface water, groundwater, (land or soil) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transportation or disposal of Hazardous Materials; or the Clean-Up of Contamination, all as are now or may hereinafter be in effect.

Equipment: Collectively, all the items of machinery and equipment as defined in Article 9 of the UCC comprising part of the Leased Personal Property.

ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA Event: (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the

incurrence by Lessee or Guarantor of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Lessee or Guarantor from the Pension Benefit Guaranty Corporation as defined in ERISA (and any successor entity) or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Lessee or Guarantor of any liability with respect to the withdrawal or partial withdrawal from any Plan or multiemployer plan (as defined in Section 4001(a)(3) of ERISA); or (g) the receipt by Lessee or Guarantor of any notice, or the receipt by any multiemployer plan from Lessee or Guarantor of any notice, concerning the imposition of Withdrawal Liability or a determination that a multiemployer plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

Event of Default: The occurrence of any of the following:

(a) Lessee fails to pay or cause to be paid the Rent when due and payable;

(b) Any of Lessee, Guarantor or WCG, has a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it, or a court of competent jurisdiction enters an order or decree appointing a receiver of Lessee, Guarantor or WCG or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C. Section 101, et seq.) and to the provisions of Section 16.7;

(c) Lessee, Guarantor or WCG: (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, subject to the applicable provisions of the Bankruptcy Code (11 U.S.C. Section 101, et seq.) and to the provisions of Section 16.7;

(d) Lessee, Guarantor or WCG, is liquidated or dissolved, or begins a Proceeding toward liquidation or dissolution, or has filed against it a petition or other Proceeding to cause it to be liquidated or dissolved and the Proceeding is not dismissed within thirty (30) days thereafter, or Lessee or Guarantor in any manner permits the sale or divestiture of substantially all of its assets;

(e) The estate or interest of Lessee in the Leased Properties or any part thereof is levied upon or attached in any Proceeding and the same is not vacated or discharged within thirty (30) days thereafter (unless Lessee is in the process of contesting such lien or attachment in good faith in accordance with Article XII);

(f) Any representation or warranty made by Lessee or Guarantor in the Purchase Agreement or in the certificates delivered in connection therewith shall prove to be incorrect in any material respect when made or deemed made, Lessor is materially and adversely affected thereby and Lessee or Guarantor as the case may be, fails within twenty (20) days after Notice from Lessor thereof to cure such condition by terminating such adverse effect and making Lessor whole for any damage suffered therefrom, or, if with due diligence such cure cannot be effected within twenty (20) days, if Lessee has failed to commence to cure the same within the twenty (20) days or failed thereafter to proceed promptly and with due diligence to cure such condition and complete such cure prior to the time that such condition causes a default in any Facility Mortgage or any other lease to which Lessee is subject and prior to the time that the same results in civil or criminal penalties to Lessor, Lessee, Guarantor or any Affiliates of any of such parties or the Leased Properties;

(g) Lessee defaults, or permits a default, under any Facility Mortgage, related documents or obligations thereunder which default is not cured within any applicable grace period provided for therein;

(h) A default occurs under the Guaranty;

(i) A Transfer occurs without the prior written consent of Lessor;

(j) Except as otherwise provided in subsection (o) below, a default occurs under any Material Debt when and as the same become due and payable (subject to any applicable grace period);

(k) Lessee fails to purchase the Leased Properties if and as required under this Lease;

(l) Lessee, Guarantor or WCG breaches any of the financial covenants set forth in Article VIII hereof and the breach is not cured within a period of thirty (30) days after the earlier to occur of (i) the Notice thereof from Lessor, or (ii) knowledge thereof by Lessee, Guarantor or WCG;

(m) Lessee or Guarantor fails to observe or perform any other term, covenant or condition of this Lease and the failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor;

(n) Lessee or Guarantor breaches any representation or warranty made by it in this Lease;

(o) An Event of Default (as defined in the Credit Agreement), occurs and an acceleration = = of any of the Loans as defined in the Credit Agreement results;

(p) One or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Lessee, Guarantor or WCG, or any

combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Lessee, Guarantor or WCG to enforce any such judgment; (q) An ERISA Event shall have occurred that, in the opinion of the Lessor, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Lessee, Guarantor or WCG in an aggregate amount exceeding $25,000,000 for all periods; (r) The Guaranty shall cease for any reason (other than the merger out of existence of the Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of the Guaranty) to be in full force and effect, or Guarantor shall so assert in writing; (s) A Change in Control shall occur;

(t) Lessee or Guarantor fails to observe or perform any provisions of Article XIII regarding insurance; or

(u) This Lease together with the Purchase Agreement are determined not to be a Qualifying Issuance as defined in the Credit Agreement.

Facility: Each of the Center and the Parking Structure.

Facility Mortgage: Any mortgage, deed of trust or other security agreement which with the express, prior, written consent of Lessor is a lien upon any or all of the Leased Properties, whether such lien secures an Assumed Indebtedness or another obligation or obligations.

Facility Mortgagee: The secured party to a Facility Mortgage.

Financial Statement: As to WCG, for any period, a statement of earnings and retained earnings and of changes in financial position and profit and loss for such period, and for the period from the beginning of the fiscal year to the end of such period, and the related balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, and prepared in accordance with GAAP, certified to be accurate and complete by the chief financial officer of WCG. WCG's fiscal year-end Financial Statement shall be an audited financial report prepared by Ernst & Young LLP or other independent certified public accountants of recognized national standing and otherwise reasonably satisfactory to Lessor, containing WCG's balance sheet as of the end of that year, its related profits and losses, a statement of shareholder's equity for that year, a statement of cash flows for that year, any management letter prepared by those certified public accountants and such comments and financial details as are customarily included in reports of like character and the unqualified opinion of the certified public accountants as to the fairness of the statements therein.

Fixtures: Collectively, all permanently affixed Equipment, machinery, and fixtures, all as defined in Article 9 of the UCC, and other items of real and/or personal property

(excluding Leased Personal Property and any portion of the Central Plant), including all components thereof, now and hereafter located in, on or used in connection with, and permanently affixed to or incorporated into the Leased Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus (other than individual units), sprinkler systems and fire and theft protection equipment, towers and other devices for the transmission of radio, television and other signals, all of which, to the greatest extent permitted by law, are hereby deemed by the parties hereto to constitute real estate, together with all replacements, modifications, alterations and additions thereto.

GAAP: Generally accepted accounting principles in the United States of America, in effect at the time in question.

Governmental Authority: The government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

Guaranty: The Guaranty of even date herewith in the form attached hereto as EXHIBIT H executed by Guarantor.

Hazardous Materials: All explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

Impositions: Collectively, all taxes (including, without limitation, all capital stock and franchise taxes of Lessor and all ad valorem, sales and use, single business, gross receipts, transaction privilege, rent or similar taxes to the extent the same are assessed against Lessor on the basis of its gross or net income from this Lease or the value of the Leased Properties), assessments (including Assessments), ground rents, water, sewer or other rents and charges, excises, tax levies, fees (including, without limitation, license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Properties or the businesses conducted thereon by Lessee and/or the Rent (including all interest and penalties thereon), which at any time prior to, during or in respect of the Term may be assessed or imposed on or in respect of or be a lien upon (i) Lessor or Lessor's interest in the Leased Properties, (ii) the Leased Properties or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (iii) any occupancy, operation, use or possession of, or sales from, or activity conducted on, or in connection with the Leased Properties or the leasing or use of the Leased Properties or any part thereof or (iv) the Rent; notwithstanding the foregoing, Imposition shall not include: (i) except as provided above, any tax imposed on Lessor's gross or

net income generally and not specifically arising in connection with the Leased Properties (unless such a tax is levied, assessed or imposed in lieu of a portion or all of a tax which was included within the definition of "Imposition,") or (ii) any transfer or other tax imposed with respect to any subsequent sale, exchange or other disposition by Lessor of the Leased Properties or any part thereof or the proceeds thereof.

Insurance Requirements: All terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.

Interest Rate: The rate as set forth on EXHIBIT I.

Inventory: Collectively, all of the inventory as defined in Article 9 of the UCC comprising part of the Leased Personal Property.

Investigation: Soil and chemical tests or any other environmental investigations, examinations or analyses.

Judgment Date: The date on which a judgment is entered against Lessee which establishes, without the possibility of appeal, the amount of liquidated damages to which Lessor is entitled hereunder.

Land: The Center Parcel and the Parking Structure Parcel.

La Petite Lease. The term "La Petite Lease" shall mean that certain Ground Lease with Construction by Lessee between Williams Realty Corp. (now Williams Headquarters Building Company), as Landlord and La Petite Academy, Inc., as Lessee, dated July 22, 1987, as amended by that certain First Amendment to Lease Agreement dated February 28, 1989.

La Petite Parcel. The term "La Petite Parcel" shall mean the real property covered by the La Petite Lease.

Lease: As defined in the Preamble.

Lease Year: Each period of twelve (12) calendar months commencing with the Commencement Date, and any succeeding twelve (12) month period during the Term.

Leased Improvements: Collectively, all buildings, structures, Fixtures and other improvements of every kind on the Land including, but not limited to the Center, the Parking Structure and the Skywalk, and all alleyways, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas and roadways appurtenant to such buildings and structures.

Leased Personal Property: The Category 1 FF&E, the Category 2 FF&E, and all Personal Property leased to Lessee on the Commencement Date, and all Personal Property that pursuant to the terms of the Lease becomes the property of Lessor during the Term.

Leased Property: The Land on which a Facility is located, the Leased Improvements on such portion of the Land, the Related Rights with respect to such portion of the Land.

Leased Properties: All Leased Property and Leased Personal Property, SPECIFICALLY EXCLUDING, however, the Central Plant.

Leased Properties Trade Name: The name under which the Leased Properties do business during the Term. The current Leased Properties Trade Name is both "One Technology Center" and "Williams Technology Center".

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, orders, waivers, regulations, ordinances, judgments, decrees and injunctions affecting the Leased Properties or any portion thereof, Lessee's Personal Property or the construction, use or alteration thereof, including but not limited to the Americans with Disabilities Act, whether enacted and in force before, after or on the Commencement Date, and including any which may (i) require repairs, modifications, alterations or additions in or to any portion or all of the Facilities, or (ii) in any way adversely affect the use and enjoyment thereof, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and Encumbrances contained in any instruments, either of record or known to Lessee (other than Encumbrances created by Lessor without the consent of Lessee), in force at any time during the Term.

Lessee's Certificate: A statement in writing in substantially the form of EXHIBIT D (with such changes thereto as may reasonably be requested by the person relying on such certificate).

Lessee's Personal Property: Personal Property owned or leased by Lessee that is not included within the definition of Leased Personal Property but is used by Lessee in the operation of the Facilities, including Personal Property provided by Lessee in compliance with Section 6.3.

Manager: The Person to which management of the operation of a Facility is delegated.

Material Adverse Change: Any event, development or circumstance that has had or could reasonably expect to have a Material Adverse Effect.

Material Adverse Effect: A material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Lessee, Guarantor, or WCG, taken

as a whole, (b) the ability of Lessee, Guarantor, or WCG to perform any of its duties or obligations under this Lease or the Credit Agreement, or (c) the rights of or benefits available to the Lessor under this Lease.

Material Debt: Any Debt (other than the financial obligations under this Lease), of the Lessee, Guarantor, or WCG, in an aggregate principal amount exceeding $25,000,000.00.

Net Proceeds: All proceeds, net of any costs incurred by Lessor in obtaining such proceeds, payable under any policy of insurance required by Article XIII of this Lease (including any proceeds with respect to Lessee's Personal Property that Lessee is required or elects to restore or replace pursuant to Section 14.3) or paid by a Condemnor for the Taking of any of all or any portion of a Leased Property.

Notice: A notice given in accordance with Article XXXI.

Notice of Termination: A Notice from Lessor that it is terminating this Lease by reason of an Event of Default or otherwise as specifically set forth in this Lease.

Officer: The chairman of the board of directors, the president, any vice president and the secretary of any corporation, a general partner of any partnership, and a manager or managing member of any limited liability company.

Officer's Certificate: If for a corporation, a certificate signed by one or more officers of the corporation authorized to do so by the bylaws of such corporation or a resolution of the Board of Directors thereof; if for a partnership, limited liability company or any other kind of entity, a certificate signed by a Person having the authority to so act on behalf of such entity.

Overdue Rate: On any date, the interest rate per annum, that is equal to two percent (2%) (two hundred (200) basis points) above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Parking Structure. The multi-story parking facility located on the Parking Structure Parcel.

Parking Structure Parcel. The real property more particularly described on EXHIBIT B on which the Parking Structure is located, which includes without limitation, the La Petite Parcel.

Partial Taking: A taking of less than the entire fee of a Leased Property that either (i) does not render the Leased Property Unsuitable for its Primary Use, or (ii) renders a Leased Property Unsuitable for its Primary Intended Use, but neither Lessor nor Lessee elects pursuant to Section 15.1 hereof to terminate this Lease.

Payment Date: Any due date for the payment of the installments of Base Rent or for the payment of Additional Charges or any other amount required to be paid by Lessee hereunder.

Permitted Encumbrances: Encumbrances listed on attached EXHIBIT E.

Person: Any natural person, trust, partnership, corporation, joint venture, limited liability company or other legal entity.

Personal Property: All tangible and intangible personal property including but not limited to machinery, equipment, furniture, furnishings, movable walls or partitions, computers (and all associated software), trade fixtures and other personal property (but excluding consumable inventory and supplies owned by Lessee) used in connection with the Leased Properties, together with all replacements, substitutions, and alterations thereof and additions thereto including all tangible personal property acquired hereafter used in connection with the Leased Properties, except items, if any, (i) included within the definition of Fixtures or Leased Improvements, and (ii) any and all components of the Central Plant.

Plan: Any employee pension benefit plan (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Lessee or Guarantor is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

Primary Intended Use: Multi-use office and technology facility.

Prime Rate: On any date, an interest rate equal to the prime rate published by the Wall Street Journal, but in no event greater than the maximum rate then permitted under applicable law. If the Wall Street Journal ceases to be in existence, or for any reason no longer publishes such prime rate, the Prime Rate shall be the rate announced as its prime rate by Citibank, N.A., and if such bank no longer exists or does not announce a prime rate at such time, the Prime Rate shall be the rate of interest announced as its prime rate by Bank of America, N.A.

Proceeding: Any litigation, action, proposal or investigation by or against any agency or entity, including without limitation Lessee and Guarantor.

Purchase Agreement: The Purchase and Sale Agreement of even date herewith, among Lessor, as Purchaser, Lessee, as Seller, and Guarantor, covering the Leased Properties.

Rate: As defined on EXHIBIT I.

Realty: Collectively, the Land and Leased Improvements.

Realty Base Rent: During the Realty Term, the Realty Base Rent shall be the sum computed as set forth on EXHIBIT J.

Realty Base Rent Interest: As defined on EXHIBIT J.

Realty Base Rent Principal: As defined on EXHIBIT J.

Realty Expiration Date: September 1, 2011.

Realty Term: Ten (10) Lease Years commencing on the Commencement Date and ending on the Realty Expiration Date.

Regulatory Actions: Any claim, demand, notice, action or Proceeding brought, threatened or initiated by any governmental authority in connection with any Environmental Law, including, without limitation, any civil, criminal and administrative Proceeding whether or not the remedy sought is costs, damages, equitable remedies, penalties or expenses.

Related Rights: All easements, rights-of-way and appurtenances relating to the Land and the Leased Improvements.

Release: The intentional or unintentional spilling, leaking, dumping, pouring, emptying, seeping, disposing, discharging, emitting, depositing, injecting, leaching, escaping, abandoning, or any other release or threatened release, however defined, of any Hazardous Materials.

Rent: Collectively, Base Rent and Additional Charges.

Replacement Cost: The actual replacement cost of a Leased Property. Replacement Cost shall be an amount sufficient that neither Lessor nor Lessee is deemed to be a co-insurer of the Leased Property in question. Lessor shall have the right from time to time, but no more frequently than once in any period of three (3) consecutive Lease Years, to have Replacement Cost reasonably redetermined by the all-risk property insurance company or another reputable appraisal service, which determination shall be final and binding on the parties hereto, and upon such determination Lessee shall forthwith increase, but not decrease, the amount of the insurance carried pursuant to Section 13.2.1 to the amount so determined, subject to the approval of any Facility Mortgagee. Lessee shall pay the fee, if any, of the insurer making such determination.

Repurchase Price: The total Base Rent remaining unpaid at the time of repurchase of the Realty (and the Leased Personal Property, if applicable), by the Lessee together with all accrued, unpaid Additional Charges.

SEC: Securities and Exchange Commission.

Skywalk: The elevated pedestrian bridge and support structure, connecting the Parking Structure to the Center over a portion of South Cincinnati Avenue and a portion of East First Street, Tulsa, Oklahoma, that is approximately twenty-seven (27) feet above the driving

lanes of such streets, together with the air rights for the three (3) dimensional space within which it is suspended.

State: The State of Oklahoma.

Taken: Conveyed pursuant to a Taking.

Taking: A taking or voluntary conveyance during the Term of all or part of a Leased Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of any condemnation or other eminent domain Proceeding affecting the Leased Property whether or not the same shall have actually been commenced.

Terms: As defined in Section 1.3.

Termination Date: The date on which this Lease terminates pursuant to a Notice of Termination.

Third Party Claims: Any claim, action, demand or Proceeding (other than Regulatory Actions) howsoever based (including without limitation those based on negligence, trespass, strict liability, nuisance, toxic tort or detriment to health welfare or property) due to Contamination, whether or not the remedy sought is costs, damages, penalties or expenses, brought by any person or entity other than a governmental agency.

Transfer: The (a) assignment, mortgaging or other encumbering of all or any part of Lessee's interest in this Lease or in the Leased Properties, (b) Change in Control of Lessee, Guarantor or WCG, or (c) sale, issuance or transfer, cumulatively or in one transaction, of any interest, or the termination of any interest, in Lessee, Guarantor or WCG, if Lessee, Guarantor or WCG is a joint venture, partnership, limited liability company or other association, which results in a Change of Control of such joint venture, partnership, limited liability company or other association.

Transferee: An assignee, subtenant or other occupant of a Leased Property pursuant to a Transfer.

TWC: The Williams Companies, Inc., a Delaware corporation.

UCC: The Uniform Commercial Code as in effect in the State.

Unsuitable for Its Primary Intended Use: A state or condition of a Facility such that by reason of a Partial Taking, the Facility cannot be operated on a commercially practicable basis for its Primary Intended Use, taking into account, among other relevant factors, the number of usable square footage permitted by applicable law and regulation in the Facility after the Partial Taking, the square footage Taken and the estimated revenue impact of such Partial Taking.

WCG: Williams Communications Group, Inc., a Delaware corporation.

Withdrawal Liability: The liability to a multiemployer plan as a result of a complete or partial withdrawal from such multiemployer plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

ARTICLE III

RENT

3.1 BASE RENT; MONTHLY INSTALLMENTS. In addition to all other payments to be made by Lessee under this Lease, Lessee shall pay Lessor the Base Rent in lawful money of the United States of America which is legal tender for the payment of public and private debts, in arrears, in monthly installments. The first installment of Base Rent shall be payable on October 1, 2001, provided however, with respect to levels two (2) and three (3) of the Center, no Realty Base Rent shall be payable (provided however, such Realty Base Rent shall accrue) until both such levels are completed and ready for occupancy, which prorated amount of Realty Base Rent (2/15ths of each monthly installment of Realty Base Rent) shall be deducted from the total Base Rent otherwise payable under this Lease. The Realty Base Rent Interest accruing up to and including the date upon which such levels are completed and ready for occupancy, shall be converted to Realty Base Rent Principal on a monthly basis. Thereafter, installments of Base Rent shall be payable on the first (1st) day of each calendar month. Base Rent shall be paid to Lessor, or to such other Person as Lessor from time to time may designate by Notice to Lessee, by check or wire transfer of immediately available federal funds to the bank account designated in writing by Lessor. If Lessor directs Lessee to pay any Base Rent or Additional Charges to any Person other than Lessor, Lessee shall send to Lessor simultaneously with such payment a copy of the transmittal letter or invoice and check whereby such payment is made, or such other evidence of such payment as Lessor may require.

3.2 ADDITIONAL CHARGES. In addition to the Base Rent, Lessee will also pay as and when due, all Additional Charges.

3.3 LATE CHARGE; INTEREST. If any Rent payable to Lessor is not paid when due, Lessee shall pay Lessor on demand, as an Additional Charge, (a) a late charge equal to the greater of (i) two percent (2%) of the amount not paid within five (5) days of the date when due and (ii) any and all charges, expenses, fees or penalties imposed on Lessor by a Facility Mortgagee for late payment, plus (b) if such Rent (including the late charge) is not paid within ten (10) days of the date due, interest thereon at the Overdue Rate from such tenth (10th) day until such Rent (including the late charge and interest) is paid in full.

3.4 NET LEASE.

3.4.1 Absolute Obligation. The Rent shall be paid absolutely net to Lessor, so that this Lease shall yield to Lessor the full amount of the Rent payable to Lessor hereunder throughout the Term, subject only to any provisions of the Lease which expressly provide for adjustment or abatement of Rent or other charges.

3.4.2 No Counterclaim or Cross Complaint. If Lessor commences any Proceeding for non-payment of Rent, Lessee will not interpose any counterclaim or cross complaint or similar pleading of any nature or description in such Proceeding unless Lessee would lose or waive such claim by the failure to assert it, but Lessee does not waive any rights to assert such claim in a separate action brought by Lessee. The covenants to pay Rent are independent covenants, and Lessee shall have no right to hold back, offset or fail to pay any Rent because of any alleged default by Lessor or for any other reason whatsoever.

ARTICLE IV

IMPOSITIONS

4.1 PAYMENT OF IMPOSITIONS. Subject to Article XII relating to permitted contests, Lessee will pay all Impositions at least twenty (20) days before any fine, penalty, interest or cost is added for non-payment, and will promptly, upon request, furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. If at the option of the taxpayer any Imposition may lawfully be paid in installments, Lessee may pay the same in the required installments provided it also pays any and all interest due thereon as and when due.

4.2 ADJUSTMENT OF IMPOSITIONS. Impositions imposed in respect of the tax-fiscal period during which the Term ends shall be adjusted and prorated between Lessor and Lessee, whether or not imposed before or after the expiration of the Term or the earlier termination thereof, and Lessee's obligation to pay its prorated share thereof shall survive such expiration or earlier termination.

4.3 UTILITY CHARGES. Lessee will pay or cause to be paid when due all charges for electricity, power, gas, oil, water and other utilities imposed upon the Leased Properties or upon Lessor or Lessee with respect to the Leased Properties.

4.4 INSURANCE PREMIUMS. Lessee shall pay or cause to be paid when due all premiums for the insurance coverage required to be maintained pursuant to Article XIII during the Term.

4.5 TAX RETURNS AND REFUNDS Lessee shall prepare and file as and when required all tax returns and reports required by governmental authorities with respect to all Impositions. Lessor and Lessee shall each, upon request, provide the other with such data, including without limitation cost and depreciation records, as is maintained by the party to whom

the request is made as is necessary to prepare any required returns and reports. If any provision of any Facility Mortgage requires deposits for payment of Impositions, Lessee shall either pay the required deposits to Lessor monthly and Lessor shall make the required deposits, or, if directed in writing to do so by Lessor, Lessee shall make such deposits directly. Lessee shall be entitled to receive and retain any refund from a taxing authority in respect of an Imposition paid by Lessee if at the time of the refund no Event of Default has occurred and is continuing, but if an Event of Default has occurred and is continuing at the time of the refund, Lessee shall not be entitled to receive or retain such refund and if and when received by Lessor such refund shall be applied as provided in Article XVI.

ARTICLE V

NO TERMINATION AND WAIVER

5.1 NO TERMINATION, ABATEMENT, ETC. Lessee shall not take any action without the consent of Lessor to modify, surrender or terminate this Lease, and shall not seek or be entitled to any abatement, deduction, deferment or reduction of Rent, or setoff against Rent. The respective obligations of Lessor and Lessee shall not be affected by reason of (i) any damage to, or destruction of, the Leased Properties or any portion thereof from whatever cause or any Taking of the Leased Properties or any portion thereof, except as expressly set forth herein; (ii) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Properties, or any portion thereof, or the interference with such use by any Person or by reason of eviction by paramount title; (iii) any claim which Lessee has or might have against Lessor or by reason of any default or breach of any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (iv) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other Proceeding affecting Lessor or any assignee or transferee of Lessor, or (v) any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (a) modify, surrender or terminate this Lease or quit or surrender the Leased Properties or any portion thereof, or (b) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder except as otherwise specifically provided in this Lease.

ARTICLE VI

LEASE CHARACTERIZATION

6.1 STATUS OF OWNERSHIP OF THE LEASED PROPERTIES. Lessor and Lessee agree that to the full extent permitted by applicable tax law and GAAP, for Lessee, this Lease shall be treated (i) as an operating lease for tax purposes, and (ii) as a capital lease for financial purposes. Notwithstanding anything contained in this Section 6.1 or anywhere else in this Lease to the contrary, Lessor, Lessee and Guarantor agree that it is their intention that this Lease be treated as a true lease for purposes of the UCC and other applicable laws of the State.

6.2 LEASED PERSONAL PROPERTY. Lessee shall, during the Term, maintain all of the Leased Personal Property in good order, condition and repair as shall be necessary in order to operate the Facilities for the Primary Intended Use in compliance with all applicable licensure and certification requirements, all applicable Legal Requirements and Insurance Requirements, and customary industry practice for the Primary Intended Use. If any of the Leased Personal Property requires replacement in order to comply with the foregoing, Lessee shall replace it with similar property of the same or better quality at Lessee's sole cost and expense, and when such replacement property is placed in service with respect to the Leased Properties it shall become Leased Personal Property. Lessee shall not permit or suffer Leased Personal Property to be subject to any lien, charge, Encumbrance, financing statement, contract of sale, equipment Lessor's interest or the like, except for any purchase money security interest or equipment Lessor's interest expressly approved in advance, in writing, by Lessor. Unless Lessee purchases the Leased Properties as provided in this Lease, upon the expiration or earlier termination of this Lease, all of Leased Personal Property shall be surrendered to Lessor with the Leased Properties at or before the time of the surrender of the Leased Properties in at least as good a condition as at the Commencement Date (or, as to replacements, in at least as good a condition as when placed in service at the Facilities) except for ordinary wear and tear.

6.3 LESSEE'S PERSONAL PROPERTY. Lessee shall provide and maintain during the Term such Personal Property, in addition to the Leased Personal Property, as shall be necessary and appropriate in order to operate the Facilities for the Primary Intended Use in compliance with all licensure and certification requirements, in compliance with all applicable Legal Requirements and Insurance Requirements and otherwise in accordance with customary practice in the industry for the Primary Intended Use. Without the prior written consent of Lessor, Lessee shall not permit or suffer Lessee's Personal Property to be subject to any lien, charge, Encumbrance, financing statement or contract of sale or the like. Unless Lessee purchases the Leased Properties as provided in this Lease, upon the expiration of the Term or the earlier termination of this Lease, without the payment of any additional consideration by Lessor, Lessee shall be deemed to have sold, assigned, transferred and conveyed to Lessor all of Lessee's right, title and interest in and to any of Lessee's Personal Property that, in Lessor's reasonable judgment, is integral to the Primary Intended Use of the Facilities (or if some other use thereof has been approved by Lessor as required herein, such other use as is then being made by Lessee) and, as provided in Section 34.1, Lessor shall have the option to purchase any of Lessee's Personal Property that is not then integral to such use. Without Lessor's prior written consent, Lessee shall not remove Lessee's Personal Property that is in use at the expiration or earlier termination of the Term from the Leased Properties until such option to purchase has expired or been waived in writing by Lessor. Any of Lessee's Personal Property that is not integral to the use of the Facilities being made by Lessee and is not purchased by Lessor pursuant to Section 34.1 may be removed by Lessee upon the expiration or earlier termination of this Lease, and, if not removed within twenty (20) days following the expiration or earlier termination of this Lease, shall be considered abandoned by Lessee and may be appropriated, sold, destroyed or otherwise disposed of by Lessor without giving notice thereof to Lessee and without any payment to Lessee or any obligation to account therefor. Lessee shall reimburse Lessor for any and all expense incurred by Lessor in disposing of any of Lessee's Personal Property that Lessee may remove but within such twenty (20) day period fails to remove, and shall either at its own expense restore the

Leased Properties to the condition required by Section 9.1.5, including repair of all damage to the Leased Properties caused by the removal of any of Lessee's Personal Property, or reimburse Lessor for any and all expense incurred by Lessor for such restoration and repair.

ARTICLE VII

CONDITION, USE AND ENVIRONMENTAL MATTERS

7.1 CONDITION OF THE LEASED PROPERTIES. Lessee acknowledges that it has inspected and otherwise has knowledge of the condition of the Leased Properties prior to the execution and delivery of this Lease and has found the same to be in good order and repair and satisfactory for its purposes hereunder. Lessee is leasing the Leased Properties "as is" in their condition on the Commencement Date. Lessee waives any claim or action against Lessor in respect of the condition of the Leased Properties. LESSOR MAKES NO WARRANTY OR REPRESENTATION EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTIES OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. Lessee further acknowledges that throughout the Term Lessee is solely responsible for the condition of the Leased Properties. Subject in all cases to the provisions of Section 3.4.2, nothing contained in this Agreement including without limitation, this Section 7, shall be deemed to inhibit, restrict or waive any independent rights Lessee may have under the Construction Completion Agreement.

7.2 USE OF THE LEASED PROPERTIES. Throughout the Term, Lessee shall continuously use the Leased Properties for the Primary Intended Use and uses incidental thereto. Lessee shall not use the Leased Properties or any portion thereof for any other use without the prior written consent of Lessor. No use shall be made or permitted to be made of, or allowed in, the Leased Properties, and no acts shall be done, which will cause the cancellation of, or be prohibited by, any insurance policy covering the Leased Properties or any part thereof, nor shall the Leased Properties or Lessee's Personal Property be used for any unlawful purpose. Lessee shall not commit or suffer to be committed any waste on the Leased Properties, or cause or permit any nuisance thereon, or suffer or permit the Leased Properties or any portion thereof, or Lessee's Personal Property, to be used in such a manner as (i) might reasonably tend to impair Lessor's (or Lessee's, as the case may be) title thereto or to any portion thereof, or (ii) may reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Properties or any portion thereof.

7.3 CERTAIN ENVIRONMENTAL MATTERS.

7.3.1 Prohibition Against Use of Hazardous Materials. Lessee shall not permit, conduct or allow on the Leased Properties, the generation, introduction, presence, maintenance, use, receipt, acceptance, treatment, manufacture, production, installation, management, storage, disposal or release of any Hazardous Materials except for those

types and quantities of Hazardous Materials necessary for and ordinarily associated with the conduct of Lessee's business which are used in full compliance with all Environmental Laws.

7.3.2 Notice of Environmental Claims, Actions or Contaminations. Lessee shall notify Lessor, in writing, immediately upon learning of any existing, pending or threatened: (a) investigation, inquiry, claim or action by any governmental authority in connection with any Environmental Laws, (b) Third Party Claims, (c) Regulatory Actions, and/or (d) Contamination of any portion of the Leased Properties.

7.3.3 Costs of Remedial Actions with Respect to Environmental Matters. If any investigation and/or Clean-Up of any Hazardous Materials or other environmental condition on, under, about or with respect to a Leased Property is required by any Environmental Law, Lessee shall complete, at its own expense, such investigation and/or Clean-Up or cause any other Person that may be legally responsible therefore to complete such investigation and/or Clean-Up.

7.3.4 Delivery of Environmental Documents. Lessee shall deliver to Lessor complete copies of any and all Environmental Documents that may now be in or at any time hereafter come into the possession of Lessee.

7.3.5 Environmental Audit. At Lessee's expense, Lessee shall deliver to Lessor, an Environmental Audit from time to time, upon and within thirty (30) days of Lessor's request therefor, but no more than once every two (2) calendar years, except in the event of (i) any construction or excavation of, or material alteration to any portion of the Leased Properties, or (ii) Lessor reasonably suspects that Contamination of any portion of the Leased Properties has occurred or been discovered, in either case Lessor may thereafter request an Environmental Audit. All tests and samplings shall be conducted using generally accepted and scientifically valid technology and methodologies. Lessee shall give the engineer or environmental consultant conducting the Environmental Audit reasonable and complete access to the Leased Properties and to all records in the possession of Lessee that may indicate the presence (whether current or past) of a Release or threatened Release of any Hazardous Materials on, in, under, about and adjacent to any Leased Property. Lessee shall also provide the engineer or environmental consultant full access to and the opportunity to interview such persons as may be employed in connection with the Leased Properties as the engineer or consultant deems appropriate. However, Lessor shall not be entitled to request an Environmental Audit from Lessee unless (a) after the Commencement Date there have been changes, modifications or additions to Environmental Laws as applied to or affecting any of the Leased Properties; (b) a significant change in the condition of any of the Leased Properties has occurred; (c) there are fewer than six (6) months remaining in the Term; or (d) Lessor has another good reason for requesting such certificate or certificates. If the Environmental Audit discloses the presence of Contamination or any noncompliance with Environmental Laws, Lessee shall immediately perform all of Lessee's obligations hereunder with respect to such Hazardous Materials or noncompliance.

7.3.6 Entry onto Leased Properties for Environmental Matters. If Lessee fails to provide an Environmental Audit as and when required by Section 7.3.5, in addition to Lessor's other remedies Lessee shall permit Lessor from time to time, by its employees, agents, contractors or representatives, to enter upon the Leased Properties for the purpose of conducting such Investigations as Lessor may desire, the expense of which shall promptly be paid or reimbursed by Lessee as an Additional Charge. Lessor, and its employees, agents, contractors, consultants and/or representatives, shall conduct any such Investigation in a manner which does not unreasonably interfere with Lessee's use of and operations on the Leased Properties (however, reasonable temporary interference with such use and operations is permissible if the investigation cannot otherwise be reasonably and inexpensively conducted). Other than in an emergency, Lessor shall provide Lessee with prior notice before entering any of the Leased Properties to conduct such Investigation, and shall provide copies of any reports or results to Lessee, and Lessee shall cooperate fully in such Investigation.

7.3.7 Environmental Matters Upon Termination of the Lease or Expiration of Term. Upon the expiration or earlier termination of the Term of this Lease, Lessee shall cause the Leased Properties to be delivered free of any and all Regulatory Actions and Third Party Claims and otherwise in compliance with all Environmental Laws with respect thereto, and in a manner and condition that is reasonably required to ensure that the then present use, operation, leasing, development, construction, alteration, refinancing or sale of the Leased Property shall not be restricted by any environmental condition existing as of the date of such expiration or earlier termination of the Term.

7.3.8 Compliance with Environmental Laws. Lessee shall comply with, and cause its agents, servants and employees, to comply with, and shall use reasonable efforts to cause each occupant and user of any of the Leased Properties, and the agents, servants and employees of such occupants and users, to comply with each and every Environmental Law applicable to Lessee, the Leased Properties and each such occupant or user with respect to the Leased Properties. Specifically, but without limitation:

7.3.8.1 Maintenance of Licenses and Permits. Lessee shall obtain and maintain (and Lessee shall use reasonable efforts to cause each tenant, occupant and user to obtain and maintain) all permits, certificates, licenses and other consents and approvals required by any applicable Environmental Law from time to time with respect to Lessee, each and every part of the Leased Properties and/or the conduct of any business at a Facility or related thereto;

7.3.8.2 Contamination. Lessee shall not cause, suffer or permit any Contamination;

7.3.8.3 Clean-Up. If a Contamination occurs, the Lessee promptly shall Clean-Up and remove any Hazardous Materials or cause the Clean-Up and the removal of any Hazardous Materials and in any such case such Clean-Up and

removal of the Hazardous Materials shall be effected to Lessor's reasonable satisfaction and in any event in strict compliance with and in accordance with the provisions of the applicable Environmental Laws;

7.3.8.4 Discharge of Lien. Within twenty (20) days of the date any lien is imposed against the Leased Properties or any part thereof under any Environmental Law, Lessee shall cause such lien to be discharged (by payment, by bond or otherwise to Lessor's absolute satisfaction);

7.3.8.5 Notification of Lessor. Within five (5) Business Days after receipt by Lessee of notice or discovery by Lessee of any fact or circumstance which might result in a breach or violation of any covenant or agreement, Lessee shall notify Lessor in writing of such fact or circumstance; and

7.3.8.6 Requests, Orders and Notices. Within five (5) Business Days after receipt of any request, order or other notice relating to the Leased Properties under any Environmental Law, Lessee shall forward a copy thereof to Lessor.

7.3.9 Environmental Related Remedies. In the event of a breach by Lessee beyond any applicable notice and/or grace period of its covenants with respect to environmental matters, Lessor may, in its sole discretion, do any one or more of the following (the exercise of one right or remedy hereunder not precluding the simultaneous or subsequent exercise of any other right or remedy hereunder):

7.3.9.1 Cause a Clean-Up. Cause the Clean-Up of any Hazardous Materials or other environmental condition on or under the Leased Properties, or both, at Lessee's cost and expense; or

7.3.9.2 Payment of Regulatory Damages. Pay on behalf of Lessee any damages, costs, fines or penalties imposed on Lessee or Lessor as a result of any Regulatory Actions; or

7.3.9.3 Payments to Discharge Liens. On behalf of Lessee, make any payment or perform any other act or cause any act to be performed which will prevent a lien in favor of any federal, state or local governmental authority from attaching to the Leased Properties or which will cause the discharge of any lien then attached to the Leased Properties; or

7.3.9.4 Payment of Third Party Damages. Pay, on behalf of Lessee, any damages, cost, fines or penalties imposed on Lessee as a result of any Third Party Claims; or

7.3.9.5 Demand of Payment. Demand that Lessee make immediate payment of all of the costs of such Clean-Up and/or exercise of the remedies set

forth in this Section 7.3 incurred by Lessor and not theretofore paid by Lessee as of the date of such demand.

7.3.10 Environmental Indemnification. Lessee and Guarantor shall and do hereby indemnify, and shall defend and hold harmless Lessor, its principals, Officers, directors, agents, employees, parents, and Affiliates from each and every incurred and potential claim, cause of action, damage, demand, obligation, fine, laboratory fee, liability, loss, penalty, imposition settlement, levy, lien removal, litigation, judgment, Proceeding, disbursement, expense and/or cost (including without limitation the cost of each and every Clean-Up), however defined and of whatever kind or nature, known or unknown, foreseeable or unforeseeable, contingent, incidental, consequential or otherwise (including, but not limited to, attorneys' fees, consultants' fees, experts' fees and related expenses, capital, operating and maintenance costs, incurred in connection with (i) any Investigation or monitoring of site conditions, (ii) any amounts paid or advanced by Lessor on behalf of Lessee as set forth in this Article 7, and (iii) any Clean-Up required or performed by any federal, state or local governmental entity or performed by any other entity or person because of the presence of any Hazardous Materials, Release, threatened Release or any Contamination on, in, under or about any of the Leased Properties) which may be asserted against, imposed on, suffered or incurred by, each and every indemnitee arising out of or in any way related to, or allegedly arising out of or due to any environmental matter including, but not limited to, any one or more of the following:

7.3.10.1 Release Damage or Liability. The presence of Contamination in, on, at, under, or near a Leased Property or migrating to a Leased Property from another location;

7.3.10.2 Injuries. All injuries to health or safety (including wrongful death), or to the environment, by reason of environmental matters relating to the condition of or activities past or present on, at, in, under a Leased Property;

7.3.10.3 Violations of Law. All violations, and alleged violations, of any Environmental Law relating to a Leased Property or any activity on, in, at, under or near a Leased Property;

7.3.10.4 Misrepresentation. All material misrepresentations relating to environmental matters in any documents or materials furnished by Lessee to Lessor and/or its representatives in connection with the Lease;

7.3.10.5 Event of Default. Each and every Event of Default relating to environmental matters;

7.3.10.6 Lawsuits. Any and all lawsuits brought or threatened, settlements reached and governmental orders relating to any Hazardous Materials at, on, in, under or near a Leased Property, and all demands of governmental authorities, and

all policies and requirements of Lessor's, based upon or in any way related to any Hazardous Materials at, on, in, under a Leased Property; and

7.3.10.7 Presence of Liens. All liens imposed upon any of the Leased Properties in favor of any governmental entity or any person as a result of the presence, disposal, release or threat of release of Hazardous Materials at, on, in, from, or under a Leased Property.

7.3.11 Rights Cumulative and Survival. The rights granted Lessor under this Section 7.3 are in addition to and not in limitation of any other rights or remedies available to Lessor hereunder or allowed at law or in equity or rights of indemnification provided to Lessor in any agreement pursuant to which Lessor purchased any of the Leased Properties. The payment and indemnification obligations set forth in this Section 7.3 shall survive the expiration or earlier termination of the Term of this Lease.

ARTICLE VIII

LEGAL AND INSURANCE REQUIREMENTS; ADDITIONAL COVENANTS

8.1 COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS. In its use, maintenance, operation and any alteration of the Leased Properties, Lessee, at its expense, will promptly (i) comply with all Legal Requirements and Insurance Requirements, whether or not compliance therewith requires structural changes in any of the Leased Improvements (which structural changes shall be subject to Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed) or interferes with or prevents the use and enjoyment of the Leased Properties, and (ii) procure, maintain and comply with all licenses, and other authorizations required for the use of the Leased Properties and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Leased Properties or any part thereof. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or Proceeding against Lessee, whether or not Lessor is a party thereto, that Lessee has violated any such Legal Requirements or Insurance Requirements shall be conclusive of that fact as between Lessor and Lessee.

8.2 CERTAIN COVENANTS.

8.2.1 Existence; Conduct of Business. Lessee, Guarantor, and WCG each will (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

8.2.2 Payment of Obligations. Lessee, Guarantor and WCG each (i) will pay its Debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate legal process, (b) has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Encumbrance securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

8.2.3 Maintenance of Properties. Lessee, Guarantor, and WCG each will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

8.2.4 Insurance. Lessee, Guarantor, and WCG each will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

8.2.5 Casualty and Condemnation. The Lessee will furnish to Lessor prompt written notice of any casualty or other insured damage to any portion of any of Guarantor's property or assets or the commencement of any action or Proceeding for the taking of any of Guarantor's property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar Proceeding (in each case with a value in excess of $10,000,000).

8.2.6 Books and Records; Inspection and Audit Rights. Lessee, Guarantor, and WCG each will keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Lessee, Guarantor, and WCG each will permit any representatives designated by the Lessor at the expense of Lessor, or, if an Event of Default shall have occurred and be continuing, at the expense of the Lessee, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

8.2.7 Compliance with Laws. Lessee, Guarantor, and WCG each will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

8.2.8 Further Assurances. At any time and from time to time, Lessee and Guarantor each will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Lessor may reasonably request, to effectuate the transactions contemplated by this Lease or to grant, preserve, protect or perfect the Encumbrances created or intended to be created in connection with this Lease or any of the other documents contemplated herein, required to be in effect or the validity or priority of any such Encumbrance, all at the expense of Lessee and Guarantor. Lessee and Guarantor also agree to provide to Lessor, from time to time upon request, evidence reasonably satisfactory to Lessor as to the perfection and priority of the Encumbrance created or intended to be created in connection with this Lease or any of the other documents contemplated herein.

8.3 CERTAIN NEGATIVE COVENANTS.

8.3.1 No Other Debt. Lessee shall not, directly or indirectly, incur or otherwise become liable for any Debt or obligation to pay money to any Person other than to (i) Lessor pursuant to this Lease and (ii) lessors of leased equipment used in the operation of the Facilities.

8.3.2 Limitation of Distributions. In or with respect to any Lease Year, Lessee shall not pay or distribute to its shareholders or any Affiliate in the form of dividends, fees for any services or reimbursements for shareholder expenditures or overhead on behalf of Lessee or to its Affiliates.

8.3.3 Pledge or Encumber Assets. Lessee shall not pledge or otherwise encumber any of its assets, other than leased equipment used in the operation of the Facilities and liens on assets permitted under Section 11.1.

8.3.4 Guarantees Prohibited. Lessee shall not guarantee any indebtedness of any Person (other than the guarantee of the indebtedness under the Credit Agreement).

8.3.5 Encumbrances. Neither Lessee nor Guarantor will create, incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except for any Permitted Encumbrances or Encumbrances created in connection with or specifically contemplated by this Lease or permitted by the Credit Agreement.

8.3.6 Fundamental Changes. Neither Lessee, Guarantor nor WCG will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing (i) any Person may merge into the Lessee in a transaction in which the Lessee is the surviving entity, provided that any such merger involving a Person that is not

wholly owned by either Guarantor or WCG immediately prior to such merger shall not be permitted, and (ii) any person may merge into the Guarantor or WCG in a transaction in which the Guarantor or WCG, respectively, is the surviving corporation.

8.3.7 Other Material Agreements. Lessee shall not (i) enter into any other material agreement relating to any portion of the Leased Properties, or (ii) if entered into with Lessor's consent, thereafter, amend, modify, renew, replace or otherwise change the terms of any such material agreement without the prior written consent of Lessor. For purposes of this Section 8.3.7, a "material agreement" shall mean any agreement or commitment which requires total payments by Lessee in excess of $1,500,000.00, or accumulated annual payments in excess of $500,000.00.

8.4 ADDITIONAL FINANCIAL COVENANTS.

8.4.1 Certain Definitions. For purposes of this Section 8.4.1, capitalized terms not otherwise specifically defined in this Lease, shall have the meanings described for such capitalized terms as contained in the Credit Agreement (and capitalized terms contained within such definitions as set forth in the Credit Agreement shall similarly have the meanings described for such capitalized terms therein). Lessee shall provide copies of any amendments or restatements or waivers to the Credit Agreement to Lessor within five (5) days of execution thereof. Such amendments or restatements or waivers shall automatically become a part hereof.

8.4.2 Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

8.4.3 Minimum EBITDA. The amount equal to (i) EBITDA for the period of four (4) fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001 - March 31, 2001	$200,000,000
April 1, 2001 - June 30, 2001	$300,000,000
July 1, 2001 - September 30, 2001	$350,000,000
October 1, 2001 - December 31, 2001	$350,000,000

8.4.4 Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002 - December 30, 2002	12.50:1.00
December 31, 2002 - December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

8.4.5 Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002 - December 30, 2002	5.25:1.00
December 31, 2002 - December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

8.4.6 Interest Coverage Ratio. The Interest Coverage Ratio for any period of four (4) consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002 - June 29, 2003	1.00:1.00
June 30, 2003 - December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

ARTICLE IX

MAINTENANCE

9.1 MAINTENANCE AND REPAIR.

9.1.1 Status and Quality. Lessee, at its expense, will keep or cause to be kept, the Leased Properties, and all landscaping, private roadways, sidewalks and curbs appurtenant thereto which are under Lessee's control and Lessee's Personal Property in good order and repair, whether or not the need for such repairs arises out of Lessee's use, any prior use, the elements or the age of the Leased Properties or any portion thereof, or any cause whatsoever except the act or negligence of Lessor, and with reasonable promptness shall make all necessary and appropriate repairs thereto of every kind and nature, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the Commencement Date (concealed or otherwise). Lessee shall at all times maintain, operate and otherwise manage the Leased Properties on a basis and in a manner consistent with the higher of that (i) customarily applied to Class A commercial office buildings in the vicinity of the City of Tulsa, Oklahoma, or (ii) utilized by Lessor in the management of Lessor's facilities adjacent to the Center. All repairs shall, to the extent reasonably

achievable, be at least equivalent in quality to the original work or the property to be repaired shall be replaced. Lessee will not take or omit to take any action the taking or omission of which might materially impair the value or the usefulness of the Leased Properties or any parts thereof for the Primary Intended Use.

9.1.2 No Liability of Lessor. Lessor shall not under any circumstances be required to maintain, build or rebuild any improvements on the Leased Properties (or any private roadways, sidewalks or curbs appurtenant thereto), or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to the Leased Properties, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or upon any adjoining property, whether to provide lateral or other support or abate a nuisance, or otherwise, or to make any expenditure whatsoever with respect thereto, in connection with this Lease. Lessee hereby waives, to the extent permitted by law, the right to make repairs at the expense of Lessor pursuant to any law in effect at the time of the execution of this Lease or hereafter enacted.

9.1.3 Contracting with Third Parties. Nothing contained in this Lease shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialmen or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to any Leased Property or any part thereof, or (ii) giving Lessee any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for any right, title, interest, lien, claim or other Encumbrance upon the estate of Lessor in the Leased Properties, or any portion thereof. Lessor shall have the right to give, record and post, as appropriate, notices of non-responsibility under any mechanics' and construction lien laws now or hereafter existing.

9.1.4 Replacements. Lessee (i) shall promptly replace any of the Leased Improvements or Leased Personal Property which become worn out, obsolete or unusable or unavailable for the purpose for which intended, and (ii) in Lessee's reasonable judgment, may acquire a substitute for any item or items of Leased Personal Property which is of higher or better quality, performance or function than the item for which it is substituted. All replacements shall have a value and utility at least equal to that of the items replaced and shall become part of the Leased Properties immediately upon their acquisition by Lessee. Upon Lessor's request, Lessee shall promptly execute and deliver to Lessor a bill of sale or other instrument establishing Lessor's lien-free ownership of such replacements. Lessee shall promptly repair all damage to the Leased Properties incurred in the course of such replacement.

9.1.5 Vacation and Surrender. Lessee will, upon the expiration or prior termination of the Term, vacate and surrender the Leased Properties to Lessor in the condition in which they were originally received from Lessor, in good operating

condition, ordinary wear and tear excepted, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Lease.

9.2 ENCROACHMENTS; RESTRICTIONS. ETC. If, at any time, any of the Leased Improvements are alleged to encroach upon any property, street or right of way adjacent to a Leased Property, or to violate any restrictive covenant, or to impair the rights of others under any easement or right of way, Lessee shall promptly settle such allegations or take such other lawful action as may be necessary in order to be able to continue the use of a Leased Property for the Primary Intended Use substantially in the manner and to the extent such Leased Property was being used at the time of the assertion of such violation, impairment or encroachment, provided, however, that no such action shall violate any other provision of this Lease and any alteration of a Leased Property must be made in conformity with the applicable requirements of Article X. Lessee shall not have any claim against Lessor or offset against any of Lessee's obligations under this lease with respect to any such violation, impairment or encroachment.

ARTICLE X

ALTERATIONS AND ADDITIONS

10.1 Construction of Alterations and Additions to the Leased Properties. Lessee shall not (a) make or permit to be made any structural alterations, improvements or additions of or to the Leased Properties or any part thereof, or (b) materially alter the plumbing, HVAC or electrical systems thereon or (c) make any other alterations, improvements or additions the cost of which exceeds (i) Two Hundred Thousand Dollars ($200,000.00), per alteration, improvement or addition, or (ii) One Million Dollars ($1,000,000.00), in any Lease Year, unless and until Lessee has (d) caused complete plans and specifications therefor to have been prepared by a licensed architect and submitted to Lessor at least ninety (90) Business Days before the planned start of construction thereof, (e) obtained Lessor's written approval thereof and if required, the approval of any Facility Mortgagee, and (f) if required to do so by Lessor, provided Lessor with reasonable assurance of the payment of the cost of any such alterations, improvements or additions, in the form of a bond, letter of credit or cash deposit. If Lessor requires a deposit, Lessor shall retain and disburse the amount deposited in the same manner as is provided for insurance proceeds in Section 14.6. If the deposit is reasonably determined by Lessor at any time to be insufficient for the completion of the alteration, improvement or addition, Lessee shall immediately increase the deposit to the amount reasonably required by Lessor. Lessee shall be responsible for the completion of such improvements in accordance with the plans and specifications approved by Lessor, and shall promptly correct any failure with respect thereto.

10.1.1 Lessor's Approval Not Required. Alterations and improvements not falling within the categories described in Section 10.1 may be made by Lessee without the prior approval of Lessor, (i) but only in the event any such alternatives or improvements do not result in a material reduction in Lessor's opinion, in the value of the Leased Properties, and (ii) Lessee shall give Lessor at least thirty (30) days prior written Notice of any such alterations and improvements in each and every case.

10.1.2 Quality of Work. All alterations, improvements and additions shall be constructed in a first class, workmanlike manner, in compliance with all Insurance Requirements and Legal Requirements, be in keeping with the character of the Leased Properties and the area in which the Leased Properties are located and be designed and constructed so that the value of the Leased Properties will not be diminished or and that the Primary Intended Use of the Leased Properties will not be changed. All improvements, alterations and additions shall immediately become a part of the Leased Properties.

10.1.3 No Claim Against Lessor. Lessee shall have no claim against Lessor at any time in respect of the cost or value of any such improvement, alteration or addition. There shall be no adjustment in the Rent by reason of any such improvement, alteration or addition. With Lessor's consent, expenditures made by Lessee pursuant to this Article X may be included as capital expenditures for purposes of inclusion in the capital expenditures budget for the Facilities and for measuring compliance with the obligations of Lessee set forth in Section 8.2.

10.1.4 Asbestos - Containing Material. In connection with any alteration which involves the removal, demolition or disturbance of any asbestos-containing material, Lessee shall cause to be prepared at its expense a full asbestos assessment applicable to such alteration, and shall carry out such asbestos monitoring and maintenance program as shall reasonably be required thereafter in light of the results of such a assessment.

ARTICLE XI

LIENS

11.1 LIENS. Without the consent of Lessor or as expressly permitted elsewhere herein, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, Encumbrance, attachment, title retention agreement or claim upon the Leased Properties, and any attachment, levy, claim or Encumbrance in respect of the Rent, except for (i) Permitted Encumbrances, (ii) liens of mechanics, laborers, materialmen, suppliers or vendors for sums not yet due, and (iii) liens created by the wrongful acts or negligence of Lessor.

ARTICLE XII

PERMITTED CONTESTS AND DEPOSITS

12.1 PERMITTED CONTESTS. Lessee, on its own or on Lessor's behalf (or in Lessor's name), but at Lessee's sole cost and expense, shall have the right to contest, by an appropriate legal Proceeding conducted in good faith and with due diligence, the amount or validity of any Imposition, Legal Requirement or Insurance Requirement or Claim, provided (a) prior Notice of such contest is given to Lessor, (b) the Leased Properties would not be in any danger of being sold, uninsured or underinsured, forfeited or attached as a result of such contest, and there is no risk to Lessor of a loss of or interruption in the payment of, Rent, (c) in the case of

an unpaid Imposition or Claim, collection thereof is suspended during the pendency of such contest, (d) in the case of a contest of a Legal Requirement, compliance may legally be delayed pending such contest. Upon request of Lessor, Lessee shall deposit funds or assure Lessor in some other manner reasonably satisfactory to Lessor that a contested Imposition or Claim, together with interest and penalties, if any, thereon, and any and all costs for which Lessee is responsible will be paid if and when required upon the conclusion of such contest. Lessee shall defend, indemnify and save harmless Lessor from all costs or expenses arising out of or in connection with any such contest, including but not limited to attorneys' fees. If at any time Lessor reasonably determines that payment of any Imposition or Claim, or compliance with any Legal or Insurance Requirement being contested by Lessee is necessary in order to prevent loss of any of the Leased Properties or Rent or civil or criminal penalties or other damage, upon such prior Notice to Lessee as is reasonable in the circumstances Lessor may pay such amount, require Lessee to comply with such Legal or Insurance Requirement or take such other action as it may deem necessary to prevent such loss or damage. If reasonably necessary, upon Lessee's written request Lessor, at Lessee's expense, shall cooperate with Lessee in a permitted contest, provided Lessee upon demand reimburses Lessor for Lessor's costs incurred in cooperating with Lessee in such contest.

ARTICLE XIII

INSURANCE

13.1 GENERAL INSURANCE REQUIREMENTS. Lessee will carry or cause to be carried and maintained in force throughout the entire Term (except as specifically noted to the contrary) insurance as described in Sections 13.1.1 through 13.1.5, with insurance companies and deductibles/retentions reasonably acceptable to Lessor. The limits set forth below are minimum limits and will not be construed to limit Lessee's liability. All costs and deductible amounts will be for the sole account of the Lessee.

13.1.1 Worker's Compensation Insurance. Workers' compensation insurance complying with the laws of the State or States having jurisdiction over each employee, whether or not Lessee is required by such laws to maintain such insurance, and Employer's Liability with limits of $1,000,000 each accident, $1,000,000 disease each employee, and $1,000,000 disease policy limit, provided however, in lieu of such insurance, Lessee may become a qualified self insured for such coverage, in which event such coverage shall not be required unless Lessee loses its status as a qualified self insured.

13.1.2 Commercial General Liability Insurance. Commercial or Comprehensive general liability insurance on an occurrence form with a combined single limit of $1,000,000 each occurrence, and annual aggregates of $1,000,000, for bodily injury and property damage, including coverage for premises-operations, blanket contractual liability,

broad form property damage, personal injury liability, independent contractors, products/completed operations, sudden and accidental pollution and explosion, collapse and underground.

13.1.3 Automobile Liability. Automobile Liability insurance with a combined single limit of $1,000,000 each occurrence for bodily injury and property damage to include coverage for all owned, non-owned, and hired vehicles.

13.1.4 Excess Liability Insurance. Excess or Umbrella Liability insurance with a combined single limit of $25,000,000 each occurrence, and annual aggregates of $25,000,000, for bodily injury and property damage covering excess of Employer's Liability and the insurance described in 13.1.2 and 13.1.3 above.

13.1.5 Property Insurance. From and after the date upon which Lessor is no longer responsible to carry such coverage under the Construction Completion Agreement, All-Risk Property insurance providing for the full replacement cost of all property located in or on the Leased Properties, including Leased Personal Property and Lessee's Personal Property. This policy shall include coverage for earthquake, flood, and windstorm. The policy shall also include business interruption insurance, if due to a covered loss, covering the Base Rent due Lessor for a period of no less than twelve (12) months. Lessor will be the sole loss payee as required by Article XIV. So long as no Event of Default is then in existence, Lessor shall make available to Lessee, any proceeds of business interruption insurance remaining after the payment of all accrued Rent, within thirty (30) days of Lessor's actual receipt of such proceeds, in good funds.

13.1.6 Status of Insurance Company. Irrespective of the insurance requirements above, the insolvency, bankruptcy, or failure of any such insurance company providing insurance for Lessee, or the failure of any such insurance company to pay claims that occur will not be held to waive any of the provisions hereof.

13.1.7 Waiver of Subrogation. In each of the above described policies, Lessee agrees to waive and will require its insurers to waive any rights of subrogation or recovery they may have against Lessor, its parent, subsidiary or affiliated companies. Lessor will have no liability to Lessee for any damage or destruction of any portion of the Leased Properties or any of Lessee's Personal Property.

13.1.8 Additional Insureds. Under the insurance policies described hereinabove (except in Section 13.1.1), Lessor, its parent, subsidiary and Affiliates and will be named as additional insureds with respect to the policies listed in Section 13.1.2 through 13.1.4, and as sole loss payees with respect to the policy listed in Section 13.1.5 as their interests appear. This insurance will be primary over any other insurance maintained by Lessor, its parent, subsidiary or Affiliates. All policies shall provide a severability of interests clause.

13.1.9 Non-Renewal. Non-renewal or cancellation of policies described above, will be effective only after written notice is received by Lessor from the insurance company sixty (60) days in advance of any such non-renewal or cancellation. Prior to commencing the Lease hereunder, Lessee will deliver to Lessor certificates of insurance evidencing the existence of the insurance and endorsements required above.

13.1.10 Original or Certified Copies. In the event of a loss or claim arising out of or in connection with this contract, Lessee agrees, upon request of Lessor, to submit the original or a certified copy of its insurance policies for inspection by Lessor.

13.2 PREMIUM DEPOSITS. If any provision of a Facility Mortgage requires deposits of premiums for insurance to be made with the Facility Mortgagee, Lessee shall pay to Lessor monthly the amounts required and Lessor shall transfer such amounts to the Facility Mortgagee, unless, pursuant to written direction by Lessor, Lessee makes such deposits directly with the Facility Mortgagee.

13.3 INCREASE IN LIMITS. If from time to time Lessor determines, in the exercise of its reasonable business judgment, that the limits of the personal injury or property damage - public liability insurance then being carried are insufficient, upon Notice from Lessor Lessee shall cause such limits to be increased to the level specified in such Notice until further increase pursuant to the provisions of this Section.

13.4 BLANKET POLICY. Any insurance required by this Lease may be provided by so called blanket policies of insurance carried by Lessee, provided, however, that the coverage afforded Lessor thereby may not thereby be less than or materially different from that which would be provided by a separate policies meeting the requirements of this Lease, and provided further that such policies meet the requirements of all Facility Mortgages.

13.5 COPIES OF POLICIES; CERTIFICATES. Copies of the policies of insurance required by this Lease and certificates thereof shall be delivered to Lessor not less than thirty (30) days prior to their effective date (and, with respect to any renewal policy, not less than twenty (20) days prior to the expiration of the existing policy), and in the event of the failure of Lessee either to carry the required insurance or pay the premiums therefor, or to deliver copies of policies or certificates to Lessor as required, Lessor shall be entitled, but shall have no obligation, to obtain such insurance and pay the premiums therefor when due, which premiums shall be repayable to Lessor upon written demand therefor as Additional Charges.

ARTICLE XIV

DISBURSEMENT OF INSURANCE PROCEEDS

14.1 INSURANCE PROCEEDS. Net Proceeds shall be paid to Lessor and held, disbursed or retained by Lessor as provided herein.

14.1.1 Proceeds of All-Risk Property Insurance. If the Net Proceeds are less than the Approval Threshold, and no Event of Default has occurred and is continuing, Lessor

shall pay the Net Proceeds to Lessee promptly upon Lessee's completion of the restoration of the damaged or destroyed Leased Property. If the Net Proceeds equal or exceed the Approval Threshold, and no Event of Default has occurred and is continuing, the Net Proceeds shall be made available for restoration or repair as provided in Section 14.6. Within fifteen (15) days of the receipt of the Net Proceeds of All-Risk Insurance, Lessor shall determine in its reasonable judgment, as to the portion thereof, if any, attributable to the Lessee's Personal Property that Lessee is not required and does not elect to restore or replace, and the portion so determined attributable to the Lessee's Personal Property that Lessee is not required and does not elect to restore or replace shall be paid to Lessee.

14.2 RESTORATION IN THE EVENT OF DAMAGE OR DESTRUCTION. If all or any portion of the Leased Properties is damaged by fire or other casualty, Lessee shall (a) give Lessor Notice of such damage or destruction within five (5) Business Days of the occurrence thereof, (b) within thirty (30) Business Days of the occurrence commence the restoration of the Leased Properties and (c) thereafter diligently proceed to complete such restoration to substantially the same (or better) condition as the Leased Properties were in immediately prior to the damage or destruction as quickly as is reasonably possible, but in any event within one hundred eighty (180) days of the occurrence. Regardless of the anticipated cost thereof, if the restoration of a Leased Property requires any modification of structural elements, prior to commencing such modification Lessee shall obtain Lessor's written approval of the plans and specifications therefor.

14.3 RESTORATION OF LESSEE'S PROPERTY. If Lessee is required to restore the Leased Properties, Lessee shall also concurrently restore any of Lessee's Personal Property that is integral to the Primary Intended Use of the Leased Properties at the time of the damage or destruction.

14.4 NO ABATEMENT OF RENT. Absent termination of this Lease as provided herein, there shall be no abatement of Rent by reason of any damage to or the partial or total destruction of any portion of the Leased Properties.

14.5 WAIVER. Except as provided elsewhere in this Lease, Lessee hereby waives any statutory or common law rights of termination which may arise by reason of any damage to or destruction of the Leased Properties.

14.6 DISBURSEMENT OF INSURANCE PROCEEDS EQUAL TO OR GREATER THAN THE APPROVAL THRESHOLD. If Lessee restores or repairs the Leased Properties pursuant to this Article XIV, and if the Net Proceeds equal or exceed the Approval Threshold, the restoration or repair and disbursement of funds to Lessee shall be in accordance with the following procedures:

14.6.1 Plans and Specifications. The restoration or repair work shall be done pursuant to plans and specifications approved by Lessor and a certified construction cost statement, to be obtained by Lessee from a contractor reasonably acceptable to Lessor, showing the total cost of the restoration or repair; to the extent the cost exceeds the Net

Proceeds, Lessee shall deposit with Lessor the amount of the excess cost, and Lessor shall disburse the funds so deposited in payment of the costs of restoration or repair before any disbursement of Net Proceeds.

14.6.2 Construction Funds. Construction Funds shall be made available to Lessee upon request, no more frequently than monthly, as the restoration and repair work progresses, subject to a ten (10%) percent holdback, pursuant to certificates of an architect selected by Lessee that, in the judgment of Lessor, reasonably exercised, is highly qualified in the design and construction of the type of Facility being repaired and is otherwise reasonably acceptable to Lessor, which certificates must be in form and substance reasonably acceptable to Lessor.

14.6.3 Lien Waivers. After the first disbursement to Lessee, sworn statements and lien waivers in an amount at least equal to the amount of Construction Funds previously paid to Lessee shall be delivered to Lessor from all contractors, subcontractors and material suppliers covering all labor and materials furnished through the date of the previous disbursement.

14.6.4 Progress of Work. Lessee shall deliver to Lessor such other evidence as Lessor may reasonably request from time to time during the course of the restoration and repair, as to the progress of the work, compliance with the approved plans and specifications, the cost of restoration and repair and the total amount needed to complete the restoration and repair, and showing that there are no liens against the Leased Properties arising in connection with the restoration and repair and that the cost of the restoration and repair at least equals the total amount of Construction Funds then disbursed to Lessee hereunder.

14.6.5 Inadequacy of Construction Funds. If the Construction Funds are at any time determined by Lessor to be inadequate for payment in full of all labor and materials for the restoration and repair, Lessee shall immediately pay the amount of the deficiency to Lessor to be held and disbursed as Construction Funds prior to the disbursement of any other Construction Funds then held by Lessor.

14.6.6 Disbursement. The Construction Funds may be disbursed by Lessor to Lessee or to the persons entitled to receive payment thereof from Lessee, and such disbursement in either case may be made directly or through a third party escrow agent, such as, but not limited to, a title insurance company, or its agent, all as Lessor may determine in its sole discretion. Provided Lessee is not in default hereunder, any excess Construction Funds shall be paid to Lessee upon completion of the restoration or repair.

14.6.7 Lessee Default. If Lessee at any time fails to promptly and fully perform the conditions and covenants set out hereinabove in this Section 14.6, and the failure is not corrected within ten (10) days of written Notice thereof, or if during the restoration or repair an Event of Default occurs hereunder, Lessor may, at its option, immediately cease making any further payments to Lessee for the restoration and repair.

14.6.8 Lessor Reimbursement. Lessor may reimburse itself out of the Construction Funds for its reasonable expenses incurred in administering the Construction Funds and inspecting the restoration and repair work, including without limitation attorneys' and other professional fees and escrow fees and expenses.

14.7 NET PROCEEDS PAID TO FACILITY MORTGAGEE. Notwithstanding anything herein to the contrary, if any Facility Mortgagee is entitled to any Net Proceeds, or any portion thereof, under the terms of any Facility Mortgage, the Net Proceeds shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. Lessor shall make commercially reasonable efforts to cause the Net Proceeds to be applied to the restoration of the Leased Properties.

14.8 TERMINATION OF LEASE. Notwithstanding anything herein to the contrary, in the event the amount of the Net Proceeds from any one (1) occurrence, (i) exceeds $80,000,000.00, or (ii) exceeds $20,000,000.00 during the final two (2) years of the Realty Term, Lessor may exercise its option to require Lessee to purchase the Leased Properties as set forth in Section 42.2.

ARTICLE XV

CONDEMNATION

15.1 TOTAL TAKING OR OTHER TAKING WITH EITHER LEASED PROPERTY RENDERED UNSUITABLE FOR ITS PRIMARY INTENDED USE. If title to the fee of the whole of a Leased Property is Taken, this Lease shall cease and terminate as to the Leased Property Taken as of the Date of Taking by the Condemnor and Rent shall be apportioned as of the termination date, provided, however, that if the Award to Lessor is less than the Repurchase Price for such Leased Property at the time of such Award, it shall be a condition precedent to the termination of this Lease as to such Leased Property that Lessee pay the amount of the deficiency to Lessor. If title to the fee of less than the whole of a Leased Property is Taken, but such Leased Property is thereby rendered Unsuitable for Its Primary Intended Use, Lessee and Lessor shall each have the option by written Notice to the other, at any time prior to the taking of possession by, or the date of vesting of title in, the Condemnor, whichever first occurs, to terminate this Lease with respect to such Leased Property as of the date so determined, in which event this Lease shall thereupon so cease and terminate as of the earlier of the date specified in such Notice or the date on which possession is taken by the Condemnor. If this Lease is so terminated as to a Leased Property, Rent shall be apportioned as of the termination date, and Lessee shall be deemed to have elected to purchase such Leased Property for the Repurchase Price therefor. Lessee shall complete the purchase within forty-five (45) days of the Taking, and Lessee shall receive credit against such Repurchase Price for any portion of the Award received by Lessor.

15.2 ALLOCATION OF AWARD. The total Award made with respect to all or any portion of a Leased Property or for loss of Rent, or for loss of business, shall be solely the property of and payable to Lessor. Nothing contained in this Lease will be deemed to create any

additional interest in Lessee, or entitle Lessee to any payment based on the value of the unexpired term or so-called "bonus value" to Lessee of this Lease. Any Award made for the taking of Lessee's Personal Property that is not integral to the Primary Intended Use of the Facilities, or for removal and relocation expenses of Lessee in any such Proceeding shall be payable to Lessee. Any Award made for the taking of Lessee's Personal Property that is integral to the Primary Intended Use of the Facilities shall be payable to Lessor. In any Proceeding with respect to an Award, Lessor and Lessee shall each seek its own Award in conformity herewith, at its own expense. Notwithstanding the foregoing, Lessee may pursue a claim for loss of its business, provided that under the laws of the State, such claim will not diminish the Award to Lessor.

15.3 PARTIAL TAKING. In the event of a Partial Taking, and Lessee, at its own cost and expense, shall within sixty (60) days of the taking of possession by, or the date of vesting of title in, the Condemnor, whichever first occurs/date on which such Notice is given commence the restoration of the Leased Premises to a complete architectural unit of the same general character and condition (as nearly as may be possible under the circumstances) as existed immediately prior to the Partial Taking, and complete such restoration with all reasonable dispatch, but in any event within one hundred eighty (180) days of the date on which such Notice is given. Lessor shall contribute to the cost of restoration only such portion of the Award as is made therefor. As long as no Event of Default has occurred and is continuing, if such portion of the Award is in an amount less than the Approval Threshold, Lessor shall pay the same to Lessee upon completion of such restoration. As long as no Event of Default has occurred and is continuing, if such portion of the Award is in an amount equal to or greater than the Approval Threshold, Lessor shall make such portion of the Award available to Lessee in the manner provided in Section 14.6 with respect to Net Proceeds in excess of the Approval Threshold.

15.4 TEMPORARY TAKING. If there is a Taking of possession or the use of all or part of a Leased Property, but the fee of such Leased Property is not Taken in whole or in part, until such Taking of possession or use continues for more than six (6) months, all the provisions of this Lease shall remain in full force and effect and the entire amount of any Award made for such Taking shall be paid to Lessee provided there is then no Event of Default. Upon the termination of any such period of temporary use or occupancy, Lessee at its sole cost and expense shall restore the affected Leased Property, as nearly as may be reasonably possible, to the condition existing immediately prior to such Taking. If any temporary Taking continues for longer than six (6) months, and fifty percent (50%) or more of any Leased Property is thereby rendered Unsuitable for Its Primary Use, this Lease shall cease and terminate as to the affected Leased Property as of the last day of the sixth (6th) month, but if less than fifty percent (50%) of such Facility is thereby rendered Unsuitable for Its Primary Use, Lessee and Lessor shall each have the option by at least sixty (60) day's prior written Notice to the other, at any time prior to the end of the temporary taking, to terminate this Lease as to the affected Leased Property of the date set forth in such Notice, and Lessor shall be entitled to any Award made for the period of such temporary Taking prior to the date of termination of the Lease. In no event shall Rent or any Additional Charges abate during the period of any temporary Taking.

15.5 AWARDS PAID TO FACILITY MORTGAGEE. Notwithstanding anything herein to the contrary, if any Facility Mortgagee is entitled to any Award or any portion thereof,

under the terms of any Facility Mortgage such Award shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. If the Facility Mortgagee elects to apply the Award to the indebtedness secured by the Facility Mortgage: (i) if the Award represents an Award for Partial Taking as described in Section 15.3 above, Lessee shall restore the affected Facility (as nearly as possible under the circumstances) to a complete architectural unit of the same general character and condition as that of the Facility existing immediately prior to such Taking; or (ii) if the Award represents an Award for a Total Taking as described in Section 15.1 above, Lessee shall pay to Lessor an amount equal to the Repurchase Price and Lessor shall transfer its portion of the award and its interest in the affected Leased Property to Lessee. In any such restoration or purchase, Lessee shall receive full credit for any portion of any award retained by Lessor and the Facility Mortgagee.

ARTICLE XVI

LESSOR'S RIGHTS ON EVENT OF DEFAULT

16.1 LESSOR'S RIGHTS UPON AN EVENT OF DEFAULT. If an Event of Default shall occur Lessor may terminate this Lease by giving Lessee a Notice of Termination, and in such event, the Term shall end and all rights of Lessee under this Lease shall cease on the Termination Date. The Notice of Termination shall be in lieu of and not in addition to any notice required by the laws of any State as a condition to bringing an action for possession of the Leased Premises or to recover damages under this Lease. In addition to Lessor's right to terminate this Lease, Lessor shall have all other rights set forth in this Lease and all remedies available at law and in equity. Lessee shall, to the extent permitted by law, pay as Additional Charges all costs and expenses incurred by or on behalf of Lessor, including, without limitation, reasonable attorneys' fees and expenses (whether or not litigation is commenced, and if litigation is commenced, including fees and expenses incurred in any appeals and post judgment Proceeding) as a result of any default of Lessee hereunder.

16.2 CERTAIN REMEDIES. If an Event of Default shall occur, whether or not this Lease has been terminated pursuant to Section 16.1, if required to do so by Lessor, Lessee shall immediately surrender to Lessor the Leased Properties to Lessor in the condition required by Section 9.1.5 and quit the same, and Lessor may enter upon and repossess the Leased Properties by reasonable force, any summary Proceeding, ejectment or otherwise, and may remove Lessee and all other persons and any and all personal properties from the Leased Properties, subject to any Legal Requirements. In addition to all other remedies set forth or referred to in this Article XVI.

16.3 DAMAGES. Neither (i) the termination of this Lease pursuant to Section 16.1, (ii) the repossession of the Leased Properties, (iii) the failure of Lessor to relet the Leased Properties, (iv) the reletting of all or any portion thereof, nor (v) the failure of Lessor to collect or receive any rentals due upon such any reletting, shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such termination, repossession or reletting. In the event this Lease is terminated by Lessor, Lessee shall forthwith pay to Lessor all accrued and future Rent due and payable with respect to the Leased Properties to and including the Realty

Expiration Date all of which shall become immediately due and payable, including without limitation all interest and late charges payable under Section 3.3 with respect to any late payment of such Rent, and all Additional Charges.

16.4 LESSEE'S OBLIGATION TO PURCHASE. If an Event of Default occurs, Lessor may require Lessee to purchase the Leased Properties on the first Rent payment date occurring after the date of receipt of, or such later date as may be specified in, a Notice from Lessor requiring such purchase. The purchase price of the Leased Properties shall be an amount equal to the then Repurchase Price of the Leased Properties, plus all Rent then due and payable (excluding the installment of Base Rent due on the purchase date) as of the date of purchase. If Lessor exercises such right, Lessor shall convey the Leased Properties to Lessee on the date fixed therefor upon receipt of such purchase price and this Lease shall thereupon terminate. Any purchase by Lessee of the Leased Properties pursuant to this Section shall be credited against the damages specified in Section 16.3.

16.5 WAIVER. If this Lease is terminated pursuant to Section 16.1, Lessee waives, to the extent permitted by applicable law, (i) any right of reentry, repossession or redesignation, (ii) any right to a trial by jury in the event of any summary Proceeding to enforce the remedies set forth in this Article XVI, and (iii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt. Acceptance of Rent at any time does not prejudice or remove any right of Lessor as to any right or remedy. No course of conduct shall be held to bar Lessor from literal enforcement of the terms of this Lease.

16.6 APPLICATION OF FUNDS. Any payments received by Lessor under any of the provisions of this Lease during the existence or continuance of any Event of Default shall be applied to Lessee's obligations in the order which Lessor may determine or as may be prescribed by law.

16.7 BANKRUPTCY.

16.7.1 No Transfer. Neither Lessee's interest in this Lease, nor any estate hereby created in Lessee's interest nor any interest herein or therein, shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law, except as may specifically be provided pursuant to the Bankruptcy Code (11 U.S.C. Section 101 et. seq.), as the same may be amended from time to time.

16.7.2 Rights and Obligations Under the Bankruptcy Code.

Payment of Rent. Upon filing of a petition by or against Lessee under the Bankruptcy Code, Lessee, as debtor and as debtor-in-possession, and any trustee who may be appointed with respect to the assets of or estate in bankruptcy of Lessee, agree to pay monthly in advance on the first day of each month, as reasonable compensation for the use and occupancy of the Leased Properties, an amount equal to all Rent due pursuant to this Lease.

Other Conditions and Obligations. Included within and in addition to any other conditions or obligations imposed upon Lessee or its successor in the event of the assumption and/or assignment of the Lease are the following: (i) the cure of any monetary defaults and reimbursement of pecuniary loss within not more than thirty (30) days of assumption and/or assignment; (ii) the deposit of an additional amount equal to not less than three (3) months' Base Rent, which amount is agreed to be a necessary and appropriate deposit to secure the future performance under the Lease of Lessee or its assignee; (iii) the continued use of the Leased Properties for the Primary Intended Use; and (iv) the prior written consent of any Facility Mortgagee.

16.8 LESSOR'S RIGHT TO CURE LESSEE'S DEFAULT. If Lessee fails to make any payment or perform any act required to be made or performed under this Lease, and fails to cure the same within any grace or cure period applicable thereto, upon such Notice as may be expressly required herein (or, if Lessor reasonably determines that the giving of such Notice would risk loss to the Leased Properties or cause damage to Lessor, upon such Notice as is practical under the circumstances), and without waiving or releasing any obligation of Lessee, Lessor may make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon the Leased Properties for such purpose and take all such action thereon as, in Lessor's sole opinion, may be necessary or appropriate. No such entry shall be deemed an eviction of Lessee. All amounts so paid by Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) so incurred, together with the late charge and interest provided for in Section 3.3 thereon, shall be paid by Lessee to Lessor on demand. The obligations of Lessee and rights of Lessor contained in this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE XVII

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1 ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS. Lessee, Guarantor, and WCG each jointly and severally represent, warrant and covenant that:

17.1.1 Organization; Powers. Both Lessee and Guarantor are duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

17.1.2 Authorization; Enforceability. The execution of and performance under this Lease is within each of the Lessee's and Guarantor' entity powers and has been duly authorized by all necessary member, corporate and, if required, stockholder action as the case may be. This Lease has been duly executed and delivered by each of the Lessee and Guarantor and constitutes a legal, valid and binding obligation of the Lessee and

Guarantor (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a Proceeding in equity or at law.

17.1.3 Governmental Approvals; No Conflicts. The Lease or any of the other documents contemplated herein, (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Lessor's rights under this Lease, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Lessee or Guarantor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Lessee or Guarantor or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Lessee or Guarantor, and (d) will not result in the creation or imposition of any Encumbrance on any asset of Lessee or Guarantor, except any Encumbrance created by or in accordance with the Lease.

17.1.4 Financial Condition; No Material Adverse Change. Guarantor has heretofore furnished to Lessor consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, audited by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flow of Guarantor as of such dates and for such periods in accordance with GAAP.

17.1.4.1 Pro Formas. Guarantor has heretofore furnished to the Lessor its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements (which assumptions are believed by Lessee and Guarantor to be reasonable), (ii) are based on the best information available to Lessee and Guarantor after due inquiry, (iii) present fairly, in all material respects, the pro forma financial position of Lessee and Guarantor as of such date and for such periods.

17.1.4.2 Material Contingent Liabilities. Except as disclosed in the financial statements referred to above, neither the Lessee or Guarantor has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

17.1.4.3 Material Adverse Change. Since December 31, 2000, there has been no Material Adverse Change.

17.1.5 Properties. Lessee and Guarantor each has good title to, or valid leasehold interests in, all its real and personal property material to its business (including the Leased Properties), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Lessee or Guarantor is subject to any Encumbrance other than Permitted Encumbrances, and Encumbrances created by or in connection with this Lease.

17.1.5.1 Intellectual Property. Lessee and Guarantor each owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Lessee and Guarantor does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

17.1.6 Litigation and Environmental Matters. There is no action, suit or Proceeding by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Lessee or Guarantor, threatened against or affecting Lessee or Guarantor (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Lease or any of the other documents contemplated herein.

17.1.6.1 Environmental Compliance. Except with respect to other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Lessee nor Guarantor (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any liability with respect to any Environmental Law, (iii) has received written notice of any claim with respect to any Environmental Law or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any liability under any Environmental Law.

17.1.7 Compliance with Laws and Agreements. Lessee and Guarantor each is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

17.1.8 Investment and Holding Company Status. Neither Lessee or Guarantor is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

17.1.9 Taxes. Lessee, Guarantor, and WCG each has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by or with respect to it, except (a) taxes that are being contested in good faith by an appropriate Proceeding and for which Lessee or Guarantor, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

17.1.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

17.1.11 Disclosure. Lessee and Guarantor have disclosed to the Lessor all agreements, instruments and corporate or other restrictions to which Lessee or Guarantor is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of Lessee or Guarantor in connection with the negotiation of this Lease or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Lessee and Guarantor represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

17.1.12 Insurance. As of the Effective Date, all premiums in respect of all insurance described in Article XIII have been paid.

17.1.13 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Lessee or Guarantor pending or, to the knowledge of Lessee or Guarantor, threatened. The hours worked by and payments made to employees of Lessee and Guarantor have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Lessee or Guarantor, or for which any claim may be made against Lessee or Guarantor, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Lessee or Guarantor. The execution of this Lease has not and will not give rise to any right of termination or

right of renegotiation on the part of any union under any collective bargaining agreement by which Lessee or Guarantor is bound.

17.1.14 Solvency. Immediately after the Effective Date and immediately following the purchase of the Leased Properties by Lessor pursuant to the Purchase Agreement made on the Effective Date and after giving effect to the application of the Purchase Price, (a) the fair value of the assets of Lessee, Guarantor, and WCG will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of Lessee, Guarantor and WCG will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Lessee, Guarantor, and WCG each will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Lessee, Guarantor, and WCG each will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

17.1.15 No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Lessee or Guarantor is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

17.1.16 Representations True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Lessee or Guarantor thereto contained in the Purchase Agreement, this Lease or any other documents executed in connection herewith, is true and correct.

ARTICLE XVIII

OCCUPANCY AFTER EXPIRATION OF TERM

18.1 HOLDING OVER. If Lessee remains in possession of all or any of the Leased Properties after the expiration of the Term or earlier termination of this Lease, such possession shall be as a month-to-month tenant, and throughout the period of such possession Lessee shall pay as Rent for each month one hundred fifty percent (150%) times the sum of: (i) one-twelfth (1/12th) of the Base Rent payable during the Lease Year in which such expiration or termination occurs, plus (ii) all Additional Charges accruing during the month, plus (iii) any and all other sums payable by Lessee pursuant to this Lease. During such period of month-to-month tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by applicable law to month-to-month tenancies, to continue its occupancy and use of the Leased Properties until the month-to-month tenancy is terminated. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease.

18.2 INDEMNITY. If Lessee fails to surrender the Leased Properties in a timely manner and in accordance with the provisions of Section 9.1.5 upon the expiration or termination of this Lease, in addition to any other liabilities to Lessor accruing therefrom, Lessee shall defend, indemnify and hold Lessor, its principals, officers, directors, agents and employees harmless from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, loss of rental with respect to any new lease in which the rental payable thereunder exceeds the Rent paid by Lessee pursuant to this Lease during Lessee's hold-over and any claims by any proposed new tenant founded on such failure. The provisions of this Section 18.2 shall survive the expiration or termination of this Lease.

ARTICLE XIX

SUBORDINATION AND ATTORNMENT

19.1 SUBORDINATION. Upon written request of Lessor, any Facility Mortgagee, or the beneficiary of any deed of trust of Lessor, Lessee will enter into a written agreement subordinating its rights pursuant to this Lease (i) to the lien of any mortgage, deed of trust or the interest of any lease in which Lessor is the lessee and to all modifications, extensions, substitutions thereof (or, at Lessor's option, agree to the subordination to this Lease of the lien of said mortgage, deed of trust or the interest of any lease in which Lessor is the lessee), and (ii) to all advances made or hereafter to be made thereunder. In connection with any such request, Lessor shall provide Lessee with a "Non-Disturbance Agreement" reasonably acceptable to such mortgagee, beneficiary or lessor providing that if such mortgagee, beneficiary or lessor acquires the Leased Properties by way of foreclosure or deed in lieu of foreclosure, such mortgagee, beneficiary or lessor will not disturb Lessee's possession under this Lease and will recognize Lessee's rights hereunder if and for so long as no Event of Default has occurred and is continuing. Lessee agrees to consent to amend this Lease as reasonably required by the Facility Mortgagee, and shall be deemed to have unreasonably withheld or delayed its consent if the required changes do not materially (i) alter the economic terms of this Lease, (ii) diminish the rights of Lessee, or (iii) increase the obligations of Lessee, provided that Lessee shall also have received the non-disturbance agreement provided for in this Article.

19.2 ATTORNMENT. If any Proceeding is brought for foreclosure, or if the power of sale is exercised under any mortgage or deed of trust made by Lessor encumbering the Leased Properties, or if a lease in which Lessor is the lessee is terminated, Lessee shall attorn to the purchaser or lessor under such lease upon any foreclosure or deed in lieu thereof, sale or lease termination and recognize the purchaser or lessor as Lessor under this Lease, provided the purchaser or lessor acquires and accepts the Leased Properties subject to this Lease.

19.3 LESSEE'S CERTIFICATE. Lessee shall, upon not less than ten (10) days prior Notice from Lessor, execute, acknowledge and deliver to Lessor, Lessee's Certificate containing then-current facts. It is intended that any Lessee's Certificate delivered pursuant hereto may be relied upon by Lessor, any prospective tenant or purchaser of the Leased Properties, any mortgagee or prospective mortgagee, and by any other party who may reasonably rely on such

statement. Lessee's failure to deliver the Lessee's Certificate within such time shall constitute an Event of Default. In addition, Lessee hereby authorizes Lessor to execute and deliver a certificate to the effect (if true) that Lessee represents and warrants that (i) this Lease is in full force and effect without modification, and (ii) Lessor is not in breach or default of any of its obligations under this Lease.

ARTICLE XX

RISK OF LOSS

20.1 RISK OF LOSS. During the Term, the risk of loss or of decrease in the enjoyment and beneficial use of the Leased Properties in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions is assumed by Lessee, and, in the absence of gross negligence, willful misconduct or material breach of this Lease by Lessor, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Article XX entitle Lessee to any abatement of Rent.

ARTICLE XXI

INDEMNIFICATION

21.1 INDEMNIFICATION. Notwithstanding the existence of any insurance or self-insurance provided for in Article XIII, and without regard to the policy limits of any such insurance or self-insurance, Lessee shall protect, indemnify, save harmless and defend Lessor, its principals, officers, directors, agents, employees, parents, and affiliates from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), to the extent permitted by law, imposed upon or incurred by or asserted against Lessor by reason of: (i) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Leased Properties or adjoining sidewalks, including without limitation any claims of malpractice, (ii) any use, misuse, non-use, condition, maintenance or repair by Lessee of the Leased Properties, (iii) the failure to pay any Impositions, (iv) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, and (v) the nonperformance of any contractual obligation, express or implied, assumed or undertaken by Lessee or any party in privity with Lessee with respect to the Leased Properties or any business or other activity carried on with respect to the Leased Properties during the Term or thereafter during any time in which Lessee or any such other party is in possession of the Leased Properties or thereafter to the extent that any conduct by Lessee or any such person (or failure of such conduct thereby if the same should have been undertaken during such time of possession and leads to such damage or loss) causes such loss or claim. Any amounts which become payable by Lessee under this Section shall be paid within ten (10) days after liability therefor on the part of Lessee is determined by litigation or otherwise, and if not timely paid, shall bear interest (to the extent permitted by law) at the Overdue Rate from the date of such determination to the date of payment. Nothing herein shall be construed as indemnifying Lessor against its own grossly negligent acts or omissions or willful misconduct.

Lessee's liability under this Article shall survive the expiration or any earlier termination of this Lease.

ARTICLE XXII

RESTRICTIONS ON TRANSFERS

22.1 GENERAL PROHIBITION AGAINST TRANSFERS. Lessee acknowledges that a significant inducement to Lessor to enter into this Lease with Lessee on the terms set forth herein is the combination of financial strength, experience, skill and reputation possessed by the Lessee named herein, the Person or Persons in Control of Lessee and Guarantor, together with Lessee's assurance that Lessor shall have the unrestricted right to approve or disapprove any proposed Transfer. Therefore, there shall be no Transfer except as specifically permitted by this Lease or consented to in advance by Lessor in writing. Lessee agrees that Lessor shall have the right to withhold its consent to any proposed Transfer on the basis of Lessor's judgment as to the effect the proposed Transfer may have on the Leased Properties and the future performance of the obligations of the Lessee under this Lease, whether or not Lessee agrees with such judgment. Any attempted Transfer which is not specifically permitted by this Lease or consented to by Lessor in advance in writing shall be null and void and of no force and effect whatsoever. In the event of a Transfer, Lessor may collect Rent and other charges from the assignee, subtenant or other occupant or transferee (any and all of which are herein referred to as a "Transferee") and apply the amounts collected to the Rent and other charges herein reserved, but no Transfer or collection of Rent and other charges shall be deemed to be a waiver of Lessor's rights to enforce Lessee's covenants or an acceptance of the Transferee as Lessee, or a release of the Lessee named herein from the performance of its covenants. Notwithstanding any Transfer, Lessee and Guarantor shall remain fully liable for the performance of all terms, covenants and provisions of this Lease. Any violation of this Lease by any Transferee shall be deemed to be a violation of this Lease by Lessee.

22.2 CONSENT TO CERTAIN TRANSFERS. Lessor acknowledges that Lessee, as sublessor, intends to enter into subleases with the parties identified on SCHEDULE 22.2, as sublessees, with respect to the Facilities identified on such Schedule. Lessor consents to such subleases provided that all such sublease agreements satisfy all of the requirements set forth in this Lease and otherwise are satisfactory in form and substance to Lessor. The conditions set forth in the immediately preceding sentence shall be deemed satisfied as to any sublease with respect to which Lessor has executed and delivered a Consent and Non-Disturbance Agreement in substantially the form of EXHIBIT F. Notwithstanding any such sublease, Lessee and Guarantor shall remain fully liable for the performance of all terms, covenants and provisions of this Lease.

22.3 SUBORDINATION AND ATTORNMENT. Lessee shall insert in any sublease permitted by Lessor provisions to the effect that (i) such sublease is subject and subordinate to all of the terms and provisions of this Lease and to the rights of Lessor hereunder, (ii) if this Lease terminates before the expiration of such sublease, the sublessee thereunder will, at Lessor's option, attorn to Lessor and waive any right the sublessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of this Lease, and (iii) if the

sublessee receives a written Notice from Lessor or Lessor's assignee, if any, stating that Lessee is in default under this Lease, the sublessee shall thereafter be obligated to pay all rentals accruing under the sublease directly to the party giving such Notice, or as such party may direct, which payments shall be credited against the amounts owing by Lessee under this Lease.

ARTICLE XXIII

LESSEE AND GUARANTOR INFORMATION

23.1 OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS. Lessee and Guarantor shall furnish or cause to be furnished to Lessor:

23.1.1 Fiscal Year Information. (i) within ninety (90) days after the end of each fiscal year of WCG, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of WCG's business segments consistent), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing, and otherwise reasonably satisfactory to Lessor (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of WCG on a consolidated basis in accordance with GAAP consistently applied, and (ii) within ninety (90) days after the end of each fiscal year of WCG, supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' or members' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for WCG and the consolidating adjustments with respect thereto.

23.1.2 Quarterly Information. (i) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of WCG, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' or members' equity and cash flows of Guarantor and WCG as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year), all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of Guarantor and WCG on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Guarantor, unaudited balance sheets and related statements of operations, stockholders' or members' equity and cash flow of Guarantor as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous

fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year) all certified by an Officer's Certificate as presenting fairly in all material respects the financial condition and results of operations of Guarantor in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

23.1.3 Officers Certificate. Concurrently with any delivery of financial statements under Sections 23.1.1 and 23.1.2, and at any time and from time to time, within ten (10) days of Lessor's request, an Officer's Certificate of the Lessee (i) certifying as to whether an Event of Default has occurred and, if an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Sections 8.4.2 through 8.4.6 (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of audited financial statements referred to in Section 17.1.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Officer's Certificate, and (iv) certifying as to the compliance by Lessee and Guarantor, with the provisions of this Lease, and such other matters set forth in this Lease or the Credit Agreement, as Lessor may specify.

23.1.4 Accounting Firm Certificate. Concurrently with any delivery of financial statements under Section 23.1.1, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines).

23.1.5 Budget. As soon as practicable after approval by the Board of Directors of WCG, and in any event not later than one hundred and twenty (120) days after the commencement of each fiscal year of WCG, a consolidated and consolidating budget of WCG for such fiscal year and a consolidated budget of the Lessee for such fiscal year and, promptly when available, any significant revisions of any such budget.

23.1.6 SEC Filings. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by WCG or any of its Affiliates with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by WCG to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website.

23.1.7 Other Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Lessee, Guarantor or WCG, or compliance with the terms of this Lease or any of the documents contemplated herein, as Lessor may reasonably request.

23.1.8 Credit Agreement Information. To the extent not previously covered by the provisions of this Section 23.1, copies of all information provided by Guarantor, WCG or any Affiliates of either pursuant to the Credit Agreement, contemporaneously with its delivery pursuant thereto.

23.2 PUBLIC OFFERING INFORMATION. Lessee, Guarantor and WCG, specifically agree that subject to the approval of Lessee, which approval shall not be unreasonably withheld or delayed, Lessor may include financial information and information concerning the operation of the Facilities in offering memoranda or prospectus, or similar publications in connection with syndications or public offerings of Lessor's securities or interests, and any other reporting requirements under applicable Federal and State Laws, including those of any successor to Lessor. Lessee, Guarantor, and WCG, agree to provide such other reasonable information necessary with respect to Lessee, Guarantor, and WCG, and the Leased Properties to facilitate a public offering or to satisfy SEC or regulatory disclosure requirements. Upon request of Lessor, Lessee shall notify Lessor of any necessary corrections to information Lessor proposes to publish within a reasonable period of time (not to exceed ten (10) days) after being informed thereof by Lessor.

23.3 NOTICES OF MATERIAL EVENTS. Upon its respective knowledge thereof, Lessee and Guarantor each will furnish to Lessor prompt written notice of the following. Each notice delivered under this Section shall be accompanied by a statement of an Officer's Certificate, duly executed, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

23.3.1 Event of Default. The occurrence of any Event of Default.

23.3.2 Action, Suit or Proceeding. The filing or commencement of any action, suit or Proceeding by or before any arbitrator or Governmental Authority against or affecting Lessee, Guarantor or WCG or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect.

23.3.3 ERISA Event. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

23.3.4 Other Matters. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

ARTICLE XXIV

INSPECTION

24.1 LESSOR'S RIGHT TO INSPECT. Lessee shall permit Lessor and its authorized representatives to inspect the Leased Properties and Lessee's books and records pertaining thereto during normal business hours at any time upon reasonable Notice. Notwithstanding the

foregoing, Lessee is and shall be in exclusive control and possession of the Leased Properties as provided herein, and Lessor shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on or about the Leased Properties nor for any injury or damage to any property of Lessee, or of any other person, except in the event any such injury or damage is the direct result of the gross negligence or malfeasance of Lessor. The right of Lessor to enter and inspect the Leased Properties are for the purpose of enabling Lessor to be informed as to whether or not Lessee is complying with the terms, covenants and conditions of this Lease and to do such acts as Lessee may have failed to do, provided however, in no event shall Lessor have any obligation whatsoever to so perform such acts.

ARTICLE XXV

NO WAIVER

25.1 NO WAIVER. No failure by Lessor to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach hereof, and no acceptance of full or partial payment of Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVI

REMEDIES CUMULATIVE

26.1 REMEDIES CUMULATIVE. To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Lessor now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor of any or all of such other rights, powers and remedies.

ARTICLE XXVII

SURRENDER

27.1 ACCEPTANCE OF SURRENDER. No surrender to Lessor of this Lease or of the Leased Properties or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

ARTICLE XXIII

RELATIONSHIP

28.1 NO MERGER OF TITLE. There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same person, firm, corporation or other entity may acquire, own or hold, directly or indirectly, (i) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, and (ii) the fee estate in the Leased Properties.

28.2 NO PARTNERSHIP. Nothing contained in this Lease will be deemed or construed to create a partnership or joint venture between Lessor and Lessee or to cause either party to be responsible in any way for the debts or obligations of the other or any other party, it being the intention of the parties that the only relationship hereunder is that of Lessor and Lessee.

ARTICLE XXIX

CONVEYANCE BY LESSOR

29.1 CONVEYANCE BY LESSOR. Lessor may at its sole option, transfer the Leased Properties and in connection with any such transfer, may assign this Lease. If Lessor or any successor owner of the Leased Properties conveys the Leased Properties other than as security for a debt, Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor under this Lease arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner.

ARTICLE XXX

QUIET ENJOYMENT

30.1 QUIET ENJOYMENT. So long as Lessee pays all Rent as it becomes due and complies with all of the terms of this Lease and performs its obligations hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Leased Properties for the Term, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to all liens and Encumbrances of record as of the date hereof or hereafter provided for in this Lease or consented to by Lessee. Except as otherwise provided in this Lease, no failure by Lessor to comply with the foregoing covenant will give Lessee any right to cancel or terminate this Lease or abate, reduce or make a deduction from or offset against the Rent or any other sum payable under this Lease, or to fail to perform any other obligation of Lessee. Lessee shall, however, have the right, by separate and independent action, to pursue any claim it may have against Lessor as a result of a breach by Lessor of the covenant of quiet enjoyment contained in this Section.

ARTICLE XXXI

NOTICES

31.1 NOTICES. Any notice, request or other communication to be given by any party hereunder shall be in writing and shall be sent by registered or certified mail, postage prepaid, by overnight deliver, hand delivery or facsimile transmission to the following address:

To Lessor:

Williams Headquarters Building Company
Attn: George D. Shahadi, Vice President-Corp. Real Estate
One Williams Center, Suite 2200
Tulsa, Oklahoma 74172
Fax No. 918/573-4049

With copies to:

The Williams Companies, Inc.
Attn: Real Estate Counsel
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Fax No. 918/ 573-4503

The Williams Companies, Inc.
Attn: Treasurer
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Fax No. 918/ 573-2065

To Lessee:

Williams Technology Center, LLC
Attn: Vice President, Real Estate
One Williams Center, MD-OneOK-6
Tulsa, Oklahoma 74172
Fax No. 918/ 573-5614

With copy to:

Williams Communications, LLC.
Attn: P. David Newsome, Jr., Esq., General Counsel
One Williams Center, MD-41-3
Tulsa, Oklahoma 74172
Fax No. 918/ 573-3005

To Guarantor:

Williams Communications, LLC
Attn: P. David Newsome, Jr., Esq., General Counsel
One Williams Center, MD-41-3
Tulsa, Oklahoma 74172
Fax No. 918/ 573-3005

With copy to: Williams Communications, LLC
Attn: Assistant Treasurer
One Technology Center, MD: TC 14X
Tulsa, Oklahoma 74103
Fax No.: 918/547-1108

or to such other address as either party may hereafter designate. Notice shall be deemed to have been given on the date of delivery if such delivery is made on a Business Day, or if not, on the first Business Day after delivery. If delivery is refused, Notice shall be deemed to have been given on the date delivery was first attempted. Notice sent by facsimile transmission shall be deemed given upon confirmation that such Notice was received at the number specified above or in a Notice to the sender. If Lessee has vacated the Leased Properties, Lessor's Notice may be posted on the door of a Leased Property. No failure of any addressee designated as "With copy to", to be sent or to receive any Notice shall invalidate the effectiveness of Notice sent to and received by any party to this Lease.

ARTICLE XXXII

[INTENTIONALLY OMITTED]

ARTICLE XXXIII

[INTENTIONALLY OMITTED]

ARTICLE XXXIV

LESSOR'S OPTION TO PURCHASE

34.1 LESSOR'S OPTION TO PURCHASE LESSEE'S PERSONAL PROPERTY. Unless Lessee purchases the Leased Properties as provided in this Lease, upon the expiration or termination of this Lease, Lessor shall have the option on the terms hereinafter set forth to purchase any of Lessee's Personal Property that is not deemed to have been sold, assigned, transferred and conveyed to Lessor pursuant to Section 6.3 hereof, for an amount equal to the then book value thereof (acquisition cost less accumulated depreciation on the books of Lessee pertaining thereto), subject to, and with appropriate credits for, any obligations owing from Lessee to Lessor and for the then outstanding balances owing on all equipment leases, conditional sale contracts and any other Encumbrances to which such Lessee's Personal Property is subject. Lessor's option shall be exercised by Notice to Lessee no more than one hundred eighty (180) days, nor less than ninety (90) days, before the expiration of the Realty Term, unless this Lease is terminated prior to its expiration date by reason of an Event of Default, in which event Lessor's option shall be exercised not more than ninety (90) days after the date of

termination. Lessor's option shall terminate upon Lessee's purchase of the Leased Properties. If Lessee does not receive Lessor's Notice exercising its option before the expiration of the relevant time period, Lessee shall give Lessor Notice thereof and Lessor's option shall continue in full force and effect for a period of thirty (30) days after such Notice from Lessee. If Lessor exercises its option, Lessee shall, in exchange for Lessor's payment of the purchase price, deliver the purchased Lessee's Personal Property to Lessor, together with a bill of sale and such other documents as Lessor may reasonably request in order to carry out the purchase, and the purchase shall be closed by such delivery and such payment on the date set by Lessor in its Notice of exercise. Lessor shall be responsible for applicable sales, use and other similar taxes which are assessed on the sale of Lessee's Personal Property to Lessor.

34.2 LEASED PROPERTIES TRADE NAME. If this Lease is terminated pursuant to Section 16.1 or Lessor exercises its option to purchase Lessee's Personal Property pursuant to Section 34.1, Lessee shall be deemed to have assigned to Lessor the exclusive right to use Leased Properties Trade Name in perpetuity.

34.3 TRANSFER OF OPERATIONAL CONTROL OF THE FACILITIES. Lessee shall cooperate fully in transferring operational control of all of the Facilities which are then subject to this Lease to Lessor or Lessor's nominee if the Term expires without renewal or this Lease is terminated upon the occurrence of an Event of Default or for any other reason, and Lessee shall use its best efforts to cause the business conducted at all such Facilities to continue without interruption. To that end, pending completion of the transfer of the operational control of such Facilities to Lessor or its nominee:

34.3.1 Employees. Lessee will not terminate the employment of any Leased Properties maintenance and operations employees without just cause, or change any salaries, provided, however, that without the advance written consent of Lessor, Lessee may grant pre-announced wage increases of which Lessor has knowledge, increases required by written employment agreements and normal raises to non-officers at regular review dates; and Lessee will not hire any additional employees except in good faith in the ordinary course of business;

34.3.2 Change in Control. Lessee will provide all necessary information requested by Lessor or its nominee for the preparation and filing of any and all necessary applications or notifications of any federal or state governmental authority having jurisdiction over a change in the operational control of the Facilities, and any other information reasonably required to effect an orderly transfer of the Facilities;

34.3.3 Business and Organization. Lessee shall use all reasonable efforts to keep the business and organization of the Facilities intact and to preserve for Lessor or its nominee the goodwill of the suppliers, distributors, residents and others having business relations with Lessee with respect to the Facilities;

34.3.4 Operations in Ordinary Course. Lessee shall engage only in transactions or other activities with respect to the Facilities which are in the ordinary course of its

business and shall perform all maintenance and repairs reasonably necessary to keep the Facilities in satisfactory operating condition and repair;

34.3.5 Employee Benefits. Lessee shall provide Lessor or its nominee with full and complete information regarding the employees of the Facilities and shall reimburse Lessor or its nominee for all outstanding accrued employee benefits, including accrued vacation, sick and holiday pay calculated on a true accrual basis, including all earned and a prorated portion of all unearned benefits;

34.3.6 Third Party Consents. Lessee shall use all reasonable efforts to obtain the acknowledgment and the consent of any creditor, lessor or sublessor, mortgagee, beneficiary of a deed of trust or security agreement affecting the real and personal properties of Lessee or any other party whose acknowledgment and/or consent would be required because of a change in the operational control of the Facilities and transfer of personal property. The consent must be in form, scope and substance satisfactory to Lessor or its nominee, including, without limitation, an acknowledgment in respect to all such contracts, leases, deeds of trust, mortgage, security agreements, or other agreements that Lessee and all predecessors or successors-in-interest thereto are not in default in respect thereto, that no condition known to the consenting party exists which with the giving of notice or lapse of time would result in such a default, and, if requested, affirmatively consenting to the change in the operational control of the Facilities;

34.3.7 Lessor as Attorney-in-Fact. To more fully preserve and protect Lessor's rights under this Section, Lessee does hereby make, constitute and appoint Lessor its true and lawful attorney-in-fact, for it and in its name, place and stead to execute and deliver all such instruments and documents, and to do all such other acts and things, as Lessor may deem to be necessary or desirable to protect and preserve the rights granted under this Section. Lessee hereby grants to Lessor the full power and authority to appoint one or more substitutes to perform any of the acts that Lessor is authorized to perform under this Section, with a right to revoke such appointment of substitution at Lessor's pleasure. The power of attorney granted pursuant to this Section is coupled with an interest and therefore is irrevocable. Any person dealing with Lessor may rely upon the representation of Lessor relating to any authority granted by this power of attorney, including the intended scope of the authority, and may accept the written certificate of Lessor that this power of attorney is in full force and effect. Photographic or other facsimile reproductions of this executed Lease may be made and delivered by Lessor, and may be relied upon by any person to the same extent as though the copy were an original. Anyone who acts in reliance upon any representation or certificate of Lessor, or upon a reproduction of this Lease, shall not be liable for permitting Lessor to perform any act pursuant to this power of attorney. Notwithstanding the foregoing, Lessor covenants with Lessee that Lessor shall refrain from exercising the power of attorney granted hereby except in the case of an Event of Default hereunder or in the event of a default, which, in Lessor's reasonable judgment, may lead to the suspension or revocation of any license of Lessee or of any sublessee.

34.4 INTANGIBLES AND PERSONAL PROPERTY. Notwithstanding any other provision of this Lease but subject to Articles 40 or 41 relating to the security interest in favor of Lessor, Leased Personal Property shall not include goodwill nor shall it include any other intangible personal property that is severable from Lessor's " interests in real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto.

ARTICLE XXXV

[INTENTIONALLY OMITTED]

ARTICLE XXXVI

MISCELLANEOUS

36.1 COMPLIANCE WITH FACILITY MORTGAGE. Lessee covenants and agrees that it will duly and punctually observe, perform and comply with all of the terms, covenants and conditions (including, without limitation, covenants requiring the keeping of books and records and delivery of Financial Statements and other information) of any Facility Mortgage and that it will not directly or indirectly, do any act or suffer or permit any condition or thing to occur, which would or might constitute a default under a Facility Mortgage. Anything in this Lease to the contrary notwithstanding, if the time for performance of any act required of Lessee by the terms of a Facility Mortgage is shorter than the time allowed by this Lease for performance of such act by Lessee, then Lessee shall perform such act within the time limits specified in such Facility Mortgage.

36.2 SURVIVAL, CHOICE OF LAW. Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities of, Lessee or Lessor arising prior to the date of expiration or termination of this Lease shall survive such expiration or termination. If any term or provision of this Lease or any application thereof is held invalid or unenforceable, the remainder of this Lease and any other application of such term or provisions shall not be affected thereby. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated except by an instrument in writing and in recordable form signed by Lessor and Lessee. All the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Lease shall be governed by and construed in accordance with the laws of the State, except as to matters which, under applicable procedural conflicts of laws rules require the application of laws of another State.

LESSEE CONSENTS TO IN PERSONAM JURISDICTION BEFORE THE STATE AND FEDERAL COURTS OF THE STATES OF OKLAHOMA AND AGREES THAT ALL DISPUTES CONCERNING THIS LEASE BE HEARD IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF OKLAHOMA. LESSEE AGREES THAT SERVICE OF PROCESS MAY BE EFFECTED UPON IT UNDER ANY METHOD PERMISSIBLE

UNDER THE LAWS OF THE STATE OF OKLAHOMA AND IRREVOCABLY WAIVES ANY OBJECTION TO VENUE IN THE STATE AND FEDERAL COURTS OF THE STATE OF OKLAHOMA.

36.3 LIMITATION ON RECOVERY. Lessee specifically agrees to look solely to Lessor's interest in the Leased Properties for recovery of any judgment from Lessor, it being specifically agreed that no constituent shareholder, officer or director of Lessor shall ever be personally liable for any such judgment or for the payment of any monetary obligation to Lessee. Furthermore, Lessor (original or successor) shall never be liable to Lessee for any indirect, consequential, special or punitive damages suffered by Lessee from whatever cause.

36.4 WAIVERS. Lessee waives any defense by reason of any disability of Lessee, and waives any other defense based on the termination of Lessee's (including Lessee's successor's) liability from any cause. Lessee waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance, and waives all notices of the existence, creation, or incurring of new or additional obligations.

36.5 CONSENTS. Whenever the consent or approval of Lessor is required hereunder, Lessor may in its sole discretion and without reason withhold that consent or approval unless otherwise specifically provided.

36.6 COUNTERPARTS. This Lease may be executed in separate counterparts, each of which shall be considered an original when each party has executed and delivered to the other one or more copies of this Lease.

36.7 RIGHTS CUMULATIVE. Except as provided herein to the contrary, the respective rights and remedies of the parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

36.8 ENTIRE AGREEMENT. There are no oral or written agreements or representations between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee.

36.9 AMENDMENTS IN WRITING. No provision of this Lease may be amended except by an agreement in writing signed by Lessor and Lessee.

36.10 SEVERABILITY. If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

36.11 ESTOPPEL CERTIFICATE. At any time and from time to time, Lessee shall, without charge, within ten (10) days after request by Lessor, certify by a written instrument executed and acknowledged by a duly authorized representative of Lessee, addressed to Lessor

and any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other party, firm or corporation specified by Lessor, as to the validity and status of this Lease, as to the existence of any default on the part of any party hereunder, as to the existence of any offsets, counterclaims, or defenses thereto which may be alleged on the part of Lessee, and as to any other matters which may be reasonably requested by Lessor.

36.12 TIME OF THE ESSENCE. Except for the delivery of possession of the Facilities to Lessee, time is of the essence of all provisions of this Lease of which time is an element.

36.13 LESSOR'S COSTS AND EXPENSES. Lessee shall be responsible for and shall pay on demand by Lessor, all of Lessor's reasonable costs and expenses incurred in connection with the negotiation and preparation of this Lease, including without limitation, the reasonable fees and expenses of Lessor's attorneys.

ARTICLE XXXVII

BROKERS

37.1 COMMISSIONS. Lessee represents and warrants to Lessor that no real estate commission, finder's fee or the like is due and owing to any person in connection with this Lease. Lessee agrees to save, indemnify and hold Lessor harmless from and against any and all claims, liabilities or obligations for brokerage, finder's fees or the like in connection with this Lease or the transactions contemplated hereby, asserted by any person on the basis of any statement or act alleged to have been made or taken by Lessee.

ARTICLE XVIII

MEMORANDUM OF LEASE

38.1 MEMORANDUM OR SHORT FORM OF LEASE. Lessor and Lessee shall, promptly upon the request of either, enter into a Memorandum or Short Form of Lease, substantially in the form of EXHIBIT G with such modifications as may be appropriate under the laws and customs of the States and in the customary form suitable for recording under the laws of each of the States. Lessee shall pay all costs and expenses of recording such memorandum or short form of this Lease.

ARTICLE XXXIX

RECHARACTERIZATION

39.1 RECHARACTERIZATION AS A SECURITY DOCUMENT. In the event that notwithstanding the intent of Lessor, Lessee and Guarantor as set forth herein, that this Lease be treated as a true lease for purposes of the UCC and other applicable laws of the State, a court of competent jurisdiction recharacterizes this Lease as a security document serving as collateral for a financing, the additional provisions set forth in Article XL and Article XLI shall apply,

provided however, such application shall in no event otherwise diminish, restrict or eliminate any of the Lessor's rights or remedies set forth in this Lease or in any of the other documents executed in connection herewith, all of the foregoing to remain in full force and effect for all purposes.

ARTICLE XL

GRANT OF MORTGAGE LIEN

40.1 GRANT OF LIEN AND SECURITY INTEREST; ASSIGNMENT OF RENTS. To secure to the Lessor the performance by the Lessee of its covenants, agreements and obligations under the Lease, Lessee hereby agrees as follows:

40.1.1 Mortgage. Subject to the terms and conditions of the Lease, and in addition to all other rights and remedies of Lessor as contained herein or under applicable law, the Lessee does hereby mortgage, pledge, grant, bargain, sell, convey, assign, warrant, transfer and set over to the Lessor, WITH POWER OF SALE, to the extent permitted by applicable law: (i) all of the Lessee's right, title and interest, if any, in the Leased Properties, and (ii) all of the Lessee's right, title and interest in and to all proceeds of the conversion, whether voluntary or involuntary, of any of the above-described property into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made as a result of casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value thereof, the foregoing collectively being referred to hereinafter as the "Security Property".

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, unto the Lessor, its successors and assigns, forever, for the uses and purposes herein expressed, but not otherwise.

40.1.2 Security Interest. Subject to the terms and conditions of the Lease, the Lessee hereby grants to the Lessor a security interest in the Lessee's interest, if any, in that portion of the Security Property (the "UCC Property") subject to the Uniform Commercial Code of the state in which the Leased Properties are located (the "UCC"). This Lease shall also be deemed to be a security agreement and a financing statement filed as a fixture filing pursuant to 12A O.S. Section 1-9-502 and shall support any financing statement showing the Lessor's interest as a secured party with respect to any portion of the UCC Property described in such financing statement. The Lessee agrees, at its sole cost and expense, to execute, deliver and file from time to time such further instruments as may be requested by the Lessor to confirm and perfect the lien of the security interest in the collateral described in this Lease.

40.1.3 Assignment of Leases and Rents. The Lessee hereby irrevocably assigns, conveys, transfers and sets over unto the Lessor (subject, however, to the Lease and the

rights of the Lessee thereunder and hereunder) all and every part of the rents, issues and profits that may from time to time become due and payable on account of any and all subleases or other occupancy agreements now existing, or that may hereafter come into existence with respect to the Leased Properties or any part thereof, including any guaranties of such subleases or other occupancy agreements. Upon request of the Lessor, the Lessee shall execute and cause to be recorded, at its expense, supplemental or additional assignments of any subleases or other occupancy agreements, of the Leased Properties. Upon the occurrence and continuance of a Event of Default, the Lessor is hereby fully authorized and empowered in its discretion (in addition to all other powers and rights herein granted), and subject to the Lease and the rights of the Lessee thereunder and hereunder, to apply for and collect and receive all such rents, issues and profits and to enforce any guaranty or guaranties, and all money so received under and by virtue of this assignment shall be held and applied as further security for the payment of the indebtedness secured hereby and to assure the performance by the Lessee of its covenants, agreements and obligations under the Lease.

40.2 REMEDIES. Upon the occurrence and continuance of an Event of Default:

40.2.1 Power of Sale Foreclosure. The Lessor shall have the power and authority, to the extent provided by law, after proper notice and lapse of such time as may be required by the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. Section 40-49, as amended from time to time (the "Act"), to sell the Security Property at the time and place of sale fixed by the Lessor in said notice of sale, either as a whole, or in separate lots or parcels and in such order as the Lessor may elect, at auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, all in accordance with the Act and any other applicable laws of the jurisdiction in which the Leased Properties are located, it being acknowledged that A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW THE LESSOR TO TAKE THE SECURITY PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT BY THE LESSEE.

40.2.2 Judicial Foreclosure. The Lessor may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Security Property, or, subject to the terms and conditions of the Lease, against the Lessee for the Rent, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Security Property, or for the enforcement of any other appropriate legal or equitable remedy.

40.2.3 Appointment of Receiver. Without regard to the Lessor's election of nonjudicial power of sale foreclosure or judicial foreclosure, the Lessor shall be entitled to the appointment of a receiver by any court of competent jurisdiction, without notice and without regard to the sufficiency or value of any security for the indebtedness secured hereby or the solvency of any party bound for its payment. The receiver shall have all of

the rights and powers permitted under the laws of the state within which the Leased Properties are located.

40.2.4 Waiver of Appraisement Appraisement of the Leased Properties is hereby waived or not waived at the option of the Lessor, such option to be exercised at or prior to the time judgment is rendered in any judicial foreclosure.

40.2.5 Additional Remedies. It is the intent of the parties hereto that, upon the occurrence and continuance of an Event of Default, the Lessor shall have the remedies provided for in this Section 40.2; provided, however, that (i) in lieu of the remedies provided for in this Lease, the Lessor, at its election, may require the Lessee to purchase the Leased Properties and, in the event that the Lessee purchases the Leased Properties as provided in Section 16.4 of this Lease, the remedies set forth herein shall not be available to the Lessor with respect to such Event of Default, and (ii) in the event that, notwithstanding the intention of the parties, a court of competent jurisdiction determines that the remedies in this Section 40.2 are unenforceable, the Lessor shall have, as a result of such determination, in lieu of the remedies in this Section 40.2, any and all of the other remedies provided for in Article 16 of this Lease. To the extent not in conflict with applicable law or the Lessee's obligations thereunder, the parties acknowledge and agree that the provisions of 11 U.S.C. Section 502(b)(6) are not applicable to the transactions contemplated by this Lease.

40.2.6 Cure by Purchase of Leased Properties. Notwithstanding anything to the contrary contained herein, the Lessee may cure any Event of Default affecting or relating to the Leased Properties by purchasing the Leased Properties as provided in Section 16.4 of this Lease.

ARTICLE XLI

GRANT OF SECURITY INTEREST

41.1 GRANT OF SECURITY INTEREST. The Lessee hereby pledges, assigns and grants to the Lessor a security interest in and to the Collateral to secure the prompt and complete payment and performance of all of Lessee's covenants, agreements and obligations under this Lease.

41.2 UCC REPRESENTATIONS AND WARRANTIES. Lessee and Guarantor represent and warrant to the Lessor that:

41.2.1 Authorization, Validity and Enforceability. Lessee has good and valid power to grant a security interest hereunder, free and clear of all Encumbrances except for Encumbrances permitted under Section 41.3.6, and has full power and authority to grant to the Lessor the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against the Lessee in the locations listed on EXHIBIT P, the Lessor will have a fully perfected, first priority, security interest

in that Collateral in which a security interest may be perfected by filing, subject only to Encumbrances permitted under Section 41.3.6.

41.2.2 Conflicting Laws and Contracts. Neither the execution and delivery by the Lessee of this Lease, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any Lessee or Lessee's articles or certificate of incorporation or by-laws, partnership agreements, or operating agreements, as the case may be, the provisions of any indenture, instrument or agreement to which Lessee is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Encumbrance pursuant to the terms of any such indenture, instrument or agreement.

41.2.3 Type and Jurisdiction of Organization. The organizational type and jurisdiction for Lessee and Guarantor are set forth in the Preamble.

41.2.4 Principal Location. Each of the Lessee's and Guarantor's mailing address and the location of its place of business (if it has only one) or its chief executive office, is disclosed in EXHIBIT P; Lessee has no other places of business except those set forth in EXHIBIT P.

41.2.5 Property Locations. All of the Collateral is located solely in Tulsa, Oklahoma, on or connected with the Land or the Leased Improvements.

41.2.6 No Other Names. Lessee has not conducted business under any name except the name in which it has executed this Lease, which is the exact name as it appears in the Lessee's organizational documents, as amended, as filed with the Lessee's jurisdiction of organization.

41.2.7 No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Lessee as debtor has been filed in any jurisdiction except (i) financing statements naming the Lessor as the secured party, and (ii) as permitted by Section 41.3.6. None of the Equipment is covered by any certificate of title.

41.2.8 Federal Employer Identification Number. The Federal employer identification numbers for both Lessee and Guarantor are set forth on EXHIBIT P.

41.3 UCC COVENANTS. The following covenants shall apply to the Collateral.

41.3.1 Inspection. Lessee and Guarantor will permit the Lessor, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies of the records of the Lessee relating to the Collateral and (iii) to discuss the Collateral and the related records of Lessee and Guarantor with, and to be advised as to the same by, the

Lessee's and Guarantor's respective officers and employees, all at such reasonable times and intervals as the Lessor may determine, and all at the Lessee's and Guarantor's expense.

41.3.2 Taxes. Lessee and Guarantor will pay or cause to be paid when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate Proceedings and with respect to which no Encumbrance exists.

41.3.3 Records and Reports; Notification of Default. Lessee will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Lessor such reports relating to the Collateral as the Lessor shall from time to time request. Each of the Lessee and Guarantor will give prompt notice in writing to the Lessor of the occurrence of any Event of Default and of any other development, financial or otherwise, which might materially and adversely affect the Collateral.

41.3.4 Financing Statements and Other Actions; Defense of Title. Both Lessee and Guarantor hereby authorize the Lessor to file and if requested will execute and deliver to the Lessor all financing statements and other documents and take such other actions as may from time to time be requested by the Lessor in order to maintain a first perfected security interest in and, if applicable, control of, the Collateral. Lessee and Guarantor will take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Lessor in the Collateral and the priority thereof against any Encumbrance not expressly permitted hereunder.

41.3.5 Disposition of Collateral. Lessee will not sell, lease or otherwise dispose of the Collateral except (i) prior to the occurrence of an Event of Default, dispositions specifically permitted pursuant to this Lease, (ii) until such time following the occurrence of an Event of Default as Lessee receives a notice from the Lessor instructing the Lessee to cease such transactions, sales or leases of Inventory in the ordinary course of business, and (iii) until such time as Lessee receives a notice from the Lessor, proceeds of Inventory collected in the ordinary course of business.

41.3.6 Encumbrances. Neither Lessee nor Guarantor will create, incur, or suffer to exist any Encumbrance on the Collateral except (i) the security interest created by this Lease, and (ii) Permitted Encumbrances.

41.3.7 Change of Name or Mailing Address. Lessee will not (i) change its name or taxpayer identification number or (ii) change its mailing address, unless Lessee shall have given the Lessor not less than thirty (30) days' prior written notice of such event or occurrence and the Lessor shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Lessor's security interest in the Collateral, or (y) taken such steps (with the cooperation of Lessee and Guarantor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Lessor's security interest in the Collateral.

41.3.8 Other Financing Statements. Lessee will not sign or authorize the signing on its behalf of the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by Section 41.3.6.

41.3.9 Maintenance of Goods. Lessee will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working condition.

41.4 ACCELERATION AND REMEDIES. Upon the acceleration of the Rent pursuant to the terms hereof, the Lessor may exercise any or all of the following rights and remedies:

41.4.1 UCC Remedies. Those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law when a debtor is in default under a security agreement.

41.4.2 Disposal. Without notice except as specifically provided elsewhere in this Lease, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Lessor may deem commercially reasonable.

41.4.3 Compliance with Law. The Lessor may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

41.5 OBLIGATIONS UPON DEFAULT. Upon the request of the Lessor after the occurrence of an Event of Default, both Lessee and Guarantor will:

41.5.1 Assembly of Collateral. Assemble and make available to the Lessor the Collateral and all records relating thereto at any place or places specified by the Lessor.

41.5.2 Lessor Access. Permit the Lessor, by the Lessor's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

41.6 ADDITIONAL UCC PROVISIONS. The following additional provisions shall apply to the Collateral:

41.6.1 Notice of Disposition of Collateral; Condition of Collateral. Notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral shall be deemed reasonable if sent to the Lessee at least ten (10) days prior to (i) the date of any such public sale or (ii) the time

after which any such private sale or other disposition may be made. Lessor shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

41.6.2 Lessor Performance of Lessee Obligations. Without having any obligation to do so, the Lessor may perform or pay any obligation which Lessee has agreed to perform or pay in this Lease and Lessee and Guarantor shall reimburse the Lessor for any amounts paid by the Lessor pursuant to this Section 41.6.2.

41.6.3 Authorization for Lessor to Take Certain Action. Lessee irrevocably authorizes the Lessor at any time and from time to time in the sole discretion of the Lessor and appoints the Lessor as its attorney-in-fact (i) to execute on behalf of Lessee and to file financing statements necessary or desirable in the Lessor's sole discretion to perfect and to maintain the perfection and priority of the Lessor's security interest in the Collateral, (ii) to indorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Lease or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Lessor in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Lessor's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Lessor to the Rent, and (v) to discharge past due taxes, assessments, charges, fees or Encumbrances on the Collateral (except for such Encumbrances as are specifically permitted hereunder), and Lessee and Guarantor agree to reimburse the Lessor on demand for any payment made or any expense incurred by the Lessor in connection therewith, provided that this authorization shall not relieve Lessee or Guarantor of any obligations under this Lease.

41.6.4 Dispositions Not Authorized. Neither Lessee or Guarantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 41.3.5 and notwithstanding any course of dealing between Lessee and Guarantor, and Lessor or other conduct of the Lessor, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 41.3.5) shall be binding upon the Lessor unless such authorization is in writing signed by the Lessor.

ARTICLE XLII

PURCHASE OPTIONS

42.1 OPTION TO PURCHASE. For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and in addition to Lessor's right to require Lessee to purchase the Leased Properties as set forth in Section 16.4, Lessor hereby grants to Lessee the option to purchase the Leased Properties or portions thereof, which option may be exercised by Lessee at any time during the Terms, all pursuant to the terms and conditions set forth on EXHIBIT O.

42.2. PUT OPTION OF LESSOR. For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessee grants to Lessor the right for Lessor to require Lessee to purchase the Leased Properties or portions thereof, either (i) any time after the date which is ninety (90) days prior to the Realty Expiration Date, or (ii) otherwise pursuant to the provisions of Section 14.8, subject to the same terms, covenants and conditions applicable to Lessee's Option to Purchase as set forth in Section 42.1 and as described on EXHIBIT O.

42.3. TERMINATION OF LEASE. In the event of Exercise of Option as set forth herein and the acquisition of Leased Properties by Lessee, this Lease shall terminate effective as of the closing of such purchase.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the parties hereto have respectively executed this Lease effective as of the Effective Date.

LESSOR

WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: /s/ Mark W. Husband

Name: Mark W. Husband

Title: Assistant Treasurer

LESSEE

WILLIAMS TECHNOLOGY CENTER, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

GUARANTOR

WILLIAMS COMMUNICATIONS, LLC, A Delaware Limited Liability Company

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

WCG - FOR THE LIMITED PURPOSE OF SECTION 8.2, 8.3, ARTICLE XVII, AND SECTION 23.2

WILLIAMS COMMUNICATIONS GROUP, INC. A Delaware Corporation

By: /s/ Howard S. Kalika

Name: Howard S. Kalika

Title: Treasurer and Vice President

EXHIBIT A - Center Parcel Real Property Description
EXHIBIT B - Parking Structure Parcel Property Description
EXHIBIT C - Credit Agreement
EXHIBIT D - Lessee's Certificate
EXHIBIT E - Permitted Encumbrances
EXHIBIT F - Consent and Non-Disturbance Agreement
EXHIBIT G - Memorandum or Short Form of Lease
EXHIBIT H - Guaranty
EXHIBIT I - Interest Rate Calculation
EXHIBIT J - Realty Base Rent Computation
EXHIBIT K - Category 1 FF&E Tangible Personal Property Description
EXHIBIT L - Category 1 FF&E Base Rent Computation
EXHIBIT M - Category 2 FF&E Tangible Personal Property Description
EXHIBIT N - Category 2 FF&E Base Rent Computation
EXHIBIT O - Option to Purchase/Put Option Terms
EXHIBIT P - UCC Information

SCHEDULE 22.2 - Sublease Parties

EXHIBIT A

Center Parcel Real Property Description

The Easterly Half (E/2) of Block Eighty-eight (88), ORIGINAL TOWN OF TULSA, located in the City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof, more particularly described as follows:

BEGINNING at the Southeasterly corner of Block 88; thence Northerly 300 feet along the Easterly line of Block 88 to the Northeasterly corner of said Block; thence Westerly along the Northerly line of said Block a distance of 150 feet to a point; thence Southerly a distance of 300 feet to a point on the Southerly line of said Block; thence Easterly along the Southerly line 150 feet to the Point of Beginning.

AND, the following described property:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, a portion of South Cincinnati Avenue adjacent to Blocks 88 and 87, Original Townsite, Tulsa County, State of Oklahoma and said portion of East Second Street adjacent to Blocks 88 and 106, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of Three (3) feet lower than the driving lanes of said roadway. Said potion of streets being more fully described as follows to wit:

Commencing at the point of beginning, said point being the northeast corner of Block 88; thence westerly along the northerly line of said Block 88 a distance of 160.00 feet; thence northerly and perpendicular to the northerly line of said Block 88 a distance of 3.50 feet; thence easterly and parallel the northerly line of said Block 88 a distance of 166.75 feet; thence southerly and parallel the easterly line of said Block 88 a distance of 311. 50 feet; thence westerly and parallel the southerly line of Block 88 a distance of 166.75 feet; thence northerly a distance of 8.00 feet to a point on the southerly line of said Block 88, said point being 10.00 feet westerly from the southwest corner of Lot 6, Block 88; thence easterly along the southerly line of Block 88 a distance of 160.00 feet to the southeast corner of Lot 6 Block 88; thence northerly along the easterly line of Block 88 a distance of 300.00 feet to the point of beginning.

Skywalk No. 1

The following described property:

A portion of South Cincinnati Avenue adjacent to Blocks 73 and 74, Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of South Cincinnati Avenue being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southwest corner of Lot 3 Block 74, Original Townsite; thence northerly along the westerly line a distance of 32.00 feet of said Lot 3, Block 74; thence westerly and perpendicular a distance of 80.00 feet to a point on the easterly line of Lot 1, Block 73, Original Townsite; thence

southerly along the easterly line a distance of 32.0 feet of said Lot 1, Block 73; thence easterly and perpendicular a distance of 80.00 feet to the point of beginning.

Skywalk No. 2

The following described:

A portion of East First Street adjacent to Blocks 73 and 88 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is above an elevation of Twenty Seven (27) feet higher than the driving lanes of the said roadway. Said portion of East First Street being more fully described as follows to wit:

Commencing at the point of beginning, said point being the southeast corner of Lot 1, Block 73, Original Townsite; thence westerly along the southerly line of Lot 1 Block 73 a distance of 26.00 feet; thence southerly and perpendicular a distance of 80.00 feet to a point on the northerly line of Lot 3, Block 88, Original Townsite; thence easterly along the northerly line of Lot 3 Block 88 a distance of 26.00 feet to the northeast corner of Lot 3, Block 88; thence northerly and perpendicular a distance of 80.00 feet to the point of beginning.

EXHIBIT B

Parking Structure Parcel Property Description

TRACT A:

Lots One (1), Two (2), Three (3) and Four (4), Block Seventy-four (74), ORIGINAL TOWNSITE OF TULSA, now City of Tulsa, Tulsa County, State of Oklahoma, according to the Official Plat thereof;

TRACT B:

All that part of the Original Tulsa Station and Depot Grounds of the Burlington Northern Railroad Company's Right of Way located in Sections 1 and 2, Township 19 North, Range 12 East of the Indian Base and Meridian, more particularly described as follows, to-wit:

BEGINNING at a point that is the Northwest corner of Block 74, Original Town of Tulsa, now City of Tulsa, Tulsa County, Oklahoma, according to the Official Plat thereof; thence Westerly along the Westerly production of the North line of Block 74, a distance of 80.00 feet to a point, also being the Northeast corner of Block 73, said point also being the Southeast corner of that certain sale to the Tulsa Urban Renewal Authority, dated December 30, 1970, recorded December 30, 1970, in Book 3951 at Pages 1235, 1236, 1237 and 1238, and correction deed dated August 28, 1973; thence Northerly along the Northerly production of the East line of said Block 73 a distance of 200.00 feet; thence Easterly parallel 200.00 feet Northerly of the North line of said Block 74 a distance of 80.00 feet to a point on the Northerly production of the West line of Block 74; thence Southerly along the Northerly production of the West line of Block 74 a distance of 20.00 feet; thence Easterly parallel 180.00 feet Northerly of the North line of said Block 74 a distance of 60.91 feet to a point of intersection with an existing concrete retaining wall; thence Northeasterly along a deflection angle to the left of 5 degrees42'01" a distance of 240.27 feet to a point on the Northerly production of the East line of Block 74; thence Southerly along said Northerly production of the East line of Block 74 a distance of 203.86 feet to the Northeast corner of Block 74; thence Westerly along the Northerly line of Block 74 a distance of 300.00 feet to the Point of Beginning of said tract of land.

AND, the following described property:

A portion of East First Street adjacent to Block 74 and Block 87 of the Original Townsite of Tulsa, Tulsa County, State of Oklahoma, that is below an elevation of One (1) foot lower than the driving lanes of said roadway. Said portion of street being more fully described as follows to wit:

Commencing at a point of beginning, said point being the southwest corner of Block 74; thence southerly and perpendicular to the south line of Block 74 a distance of 2.75 feet; thence easterly and parallel to the southerly line of said Block 74 a distance of 302.75 feet; thence northerly and parallel to the easterly line of Block 74 a distance of 191.00 feet; thence westerly and perpendicular a distance of 2.75 feet to the east line of Block 74; thence southerly along the east line of Block 74 a distance of 188.25 feet, thence westerly along the southerly line of Block 74 a distance of 300.00 feet, to the point of beginning.

EXHIBIT C

Credit Agreement

$1,500,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

SEPTEMBER 8, 1999

among

WILLIAMS COMMUNICATIONS, LLC,
as Borrower

WILLIAMS COMMUNICATIONS GROUP, INC.,
as Guarantor

THE LENDERS PARTY HERETO,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Syndication Agent

SALOMON SMITH BARNEY INC.

and

LEHMAN BROTHERS, INC.,
as Joint Lead Arrangers and Joint Bookrunners
with respect to the Incremental Facility referred to herein

SALOMON SMITH BARNEY INC.,

LEHMAN BROTHERS, INC.,

and

MERRILL LYNCH & CO., INC.

as Co-Documentation Agents

ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms....1
SECTION 1.02. Classification of Loans and Borrowings....28
SECTION 1.03. Terms Generally....28
SECTION 1.04. Accounting Terms; GAAP....28

ARTICLE 2 THE CREDITS

SECTION 2.01. Commitments....29
SECTION 2.02. Loans and Borrowings....29
SECTION 2.03. Requests for Borrowings....30
SECTION 2.04. Swingline Loans....31
SECTION 2.05. Letters of Credit....25
SECTION 2.06. Funding of Borrowings....37
SECTION 2.07. Interest Elections....37
SECTION 2.08. Termination and Reduction of Commitments....39
SECTION 2.09. Repayment of Loans; Evidence of Debt....42
SECTION 2.10. Amortization of Term Loans and Incremental Term Loans....42
SECTION 2.11. Prepayment of Loans....44
SECTION 2.12. Fees....46
SECTION 2.13. Interest....48
SECTION 2.14. Alternate Rate of Interest....49
SECTION 2.15. Increased Costs....49
SECTION 2.16. Break Funding Payments....50
SECTION 2.17. Taxes....51
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs....52
SECTION 2.19. Mitigation Obligations; Replacement of Lenders....54
SECTION 2.20. Additional Incremental Facilities and Commitments....54

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Organization; Powers....56
SECTION 3.02. Authorization; Enforceability....56
SECTION 3.03. Governmental Approvals; No Conflicts....56
SECTION 3.04. Financial Condition; No Material Adverse Change....56
SECTION 3.05. Properties....57
SECTION 3.06. Litigation and Environmental Matters....57
SECTION 3.07. Compliance with Laws and Agreements....58
SECTION 3.08. Investment and Holding Company Status....58
SECTION 3.09. Taxes....58
SECTION 3.10. ERISA....58
SECTION 3.11. Disclosure....58
SECTION 3.12. Subsidiaries....59
SECTION 3.13. Insurance....59
SECTION 3.14. Labor Matters....59
SECTION 3.15. Solvency....59
SECTION 3.16. No Burdensome Restrictions....59
SECTION 3.17. Representations in Loan Documents True and Correct....59

ARTICLE 4 CONDITIONS

SECTION 4.01. Effective Date..59
SECTION 4.02. Each Credit Event..59
SECTION 4.03. First Incremental Borrowing Date with Respect to the Incremental Facility.......60

ARTICLE 5 AFFIRMATIVE COVENANTS

SECTION 5.01. Financial Statements and Other Information......................................60
SECTION 5.02. Notices of Material Events..63
SECTION 5.03. Existence; Conduct of Business..63
SECTION 5.04. Payment of Obligations..63
SECTION 5.05. Maintenance of Properties...64
SECTION 5.06. Insurance...64
SECTION 5.07. Casualty and Condemnation...64
SECTION 5.08. Books and Records; Inspection and Audit Rights.................................64
SECTION 5.09. Compliance with Laws..64
SECTION 5.10. Use of Proceeds and Letters of Credit...64
SECTION 5.11.A.Initial Collateral Date..64
SECTION 5.11.B.Collateral Event...65
SECTION 5.12. Information Regarding Collateral..67
SECTION 5.13. Additional Subsidiaries...67
SECTION 5.14. Further Assurances..68
SECTION 5.15. Concentration Accounts..69
SECTION 5.16. Dissolution of CNG..69
SECTION 5.17. Sale of Solutions and ATL...69
SECTION 5.18. Qualifying Issuances..69

ARTICLE 6 NEGATIVE COVENANTS

SECTION 6.01. Indebtedness; Certain Equity Securities...70
SECTION 6.02. Liens...72
SECTION 6.03. Fundamental Changes...73
SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions.......................74
SECTION 6.05. Asset Sales...77
SECTION 6.06. Sale and Leaseback Transactions...78
SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness...........................78
SECTION 6.08. Limitation on Capital Expenditures..79
SECTION 6.09. Transactions with Affiliates..79
SECTION 6.10. Restrictive Agreements..79
SECTION 6.11. Fiscal Year...80
SECTION 6.12. Change in Business..80
SECTION 6.13. Amendment of Material Documents...80
SECTION 6.14. Designation of Unrestricted Subsidiaries......................................80
SECTION 6.15. Total Net Debt to Contributed Capital Ratio.....................................81
SECTION 6.16. Minimum EBITDA..81
SECTION 6.17. Total Leverage Ratio..81
SECTION 6.18. Senior Leverage Ratio...82
SECTION 6.19. Interest Coverage Ratio...82
SECTION 6.20. Financial Covenant Non-Compliance Cure..82

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default...83

ARTICLE 8 THE AGENTS

SECTION 8.01. Appointment, Powers, Immunities....85
SECTION 8.02. Reliance by Agents....86
SECTION 8.03. Delegation to Sub-Agents....86
SECTION 8.04. Resignation of Agents....86
SECTION 8.05. Non-reliance on Agents or other Lenders....87
SECTION 8.06. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents...87

ARTICLE 9 HOLDINGS GUARANTEE

SECTION 9.01. The Guarantee....87
SECTION 9.02. Guarantee Unconditional....87
SECTION 9.03. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances.....88
SECTION 9.04. Waiver....88
SECTION 9.05. Subrogation....89
SECTION 9.06. Stay of Acceleration....89
SECTION 9.07. Successors and Assigns....89

ARTICLE 10 MISCELLANEOUS

SECTION 10.01. Notices....89
SECTION 10.02. Waivers; Amendments....90
SECTION 10.03. Expenses; Indemnity; Damage Waiver....91
SECTION 10.04. Successors and Assigns....92
SECTION 10.05. Survival....96
SECTION 10.06. Counterparts; Integration; Effectiveness....96
SECTION 10.07. Severability....96
SECTION 10.08. Right of Setoff....96
SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process....96
SECTION 10.10. WAIVER OF JURY TRIAL....97
SECTION 10.11. Headings....97
SECTION 10.12. Confidentiality....97
SECTION 10.13. Interest Rate Limitation....98

SCHEDULE 2.01 - COMMITMENTS
SCHEDULE 3.05 - REAL PROPERTY
SCHEDULE 3.06 - DISCLOSED MATTERS
SCHEDULE 3.12 - SUBSIDIARIES
SCHEDULE 3.13 - INSURANCE
SCHEDULE 6.01 - EXISTING INDEBTEDNESS
SCHEDULE 6.02 - EXISTING LIENS
SCHEDULE 6.04 - EXISTING INVESTMENTS
SCHEDULE 6.09 - EXISTING AFFILIATE AGREEMENTS
SCHEDULE 6.10 - EXISTING RESTRICTIVE AGREEMENTS

EXHIBIT A - FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT B - FORM OF BORROWING REQUEST
EXHIBIT C-1 - FORM OF OPINION OF SPECIAL COUNSEL TO HOLDINGS, THE BORROWER AND THE SUBSIDIARY LOAN PARTIES
EXHIBIT C-2 - FORM OF OPINION OF THE GENERAL COUNSEL OF HOLDINGS
EXHIBIT D - FORM OF SUBSIDIARY GUARANTEE
EXHIBIT E - FORM OF REVOLVING NOTE
EXHIBIT F - FORM OF TERM NOTE
EXHIBIT G - FORM OF INTERCOMPANY NOTE
EXHIBIT H - FORM OF INTERCREDITOR AGREEMENT
EXHIBIT I - [INTENTIONALLY DELETED]
EXHIBIT J - FORM OF PROMISSORY NOTE
EXHIBIT K - FORM OF SECURITY AGREEMENT
EXHIBIT L - FORM OF INCREMENTAL TERM NOTE

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of September 8, 1999 among Williams Communications, LLC, a Delaware limited liability company, Williams Communications Group, Inc., a Delaware corporation, the LENDERS party hereto, BANK OF AMERICA, N.A., as Administrative Agent, THE CHASE MANHATTAN BANK, as Syndication Agent, and SALOMON SMITH BARNEY INC. and LEHMAN BROTHERS, INC., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein.

WHEREAS, Holdings, the Borrower, the lenders party thereto, Bank of America, N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent and Salomon Smith Barney Inc. and Lehman Brothers, Inc., as Joint Lead Arrangers with respect to the Incremental Facility referred to herein, have entered into an Amendment No. 5 dated as of April 12, 2001 ("Amendment No. 5") pursuant to which such parties have agreed to amend and restate the Existing Agreement referred to therein as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Additional Capital" means the sum of:

(a) $850 million;

(b) the aggregate Net Proceeds received by the Borrower from the issuance or sale of any Qualifying Equity Interests of Holdings, subsequent to the Amendment No. 4 Effective Date; and

(c) the aggregate Net Proceeds from the issuance or sale of Qualifying Holdings Debt subsequent to the Amendment No. 4 Effective Date convertible or exchangeable into Qualifying Equity Interests of Holdings, in each case upon conversion or exchange thereof into Qualifying Equity Interests of Holdings subsequent to the Amendment No. 4 Effective Date;

provided, however, that the Net Proceeds from the issuance or sale of Equity Interests or Debt described in clause (b) or (c) shall be excluded from any computation of Additional Capital to the extent (1) utilized to make a Restricted Payment or (2) such Equity Interests or Debt shall have been issued or sold to the Borrower, a Subsidiary of the Borrower or a Plan.

"Additional Incremental Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Facility Agreement" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Loan" means an Additional Incremental Revolving Loan or an Additional Incremental Term Loan.

"Additional Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Revolving Loan" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Additional Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Adjusted EBITDA" means, for any period of four consecutive fiscal quarters:

(i) if such period is a period ending on or after June 30, 1999 and on or before September 30, 2001,

(A) an amount equal to (x)(1) EBITDA for the last fiscal quarter in such period plus (2) ADP Interest Expense for such fiscal quarter minus (3) gain for such fiscal quarter attributable to Dark Fiber and Capacity Dispositions multiplied by (y) four, plus

(B) Dark Fiber and Capacity Proceeds for such period; and

(ii) if such period is any other period,

(A) EBITDA for such period plus (y) ADP Interest Expense for such period minus (z) gain for such period attributable to Dark Fiber and Capacity Dispositions plus

(B) Dark Fiber and Capacity Proceeds for such period.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Bank of America, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"ADP" means the program set forth in the Operative Documents.

"ADP Event of Default" has the meaning assigned to such term in the Intercreditor Agreement.

"ADP Interest Expense" means, for any period, the amount that would be accrued for such period in respect of the Borrower's obligations under the ADP that would constitute "interest expense" for such period if such obligations were treated as Capital Lease Obligations.

"ADP Obligations" means all obligations of Holdings or any Subsidiary under the ADP.

"ADP Outstandings" means, at any time, the amount of the Borrower's obligations at such time in respect of the ADP that would be considered "principal" if such obligations were treated as Capital Lease Obligations.

"ADP Property" has the meaning assigned to the term "Property" in the Participation Agreement.

"Affiliate" means, with respect to a specified Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls (a "controlling Person"), is Controlled by or is under common Control with the specified Person, (ii) any Person that holds, directly or indirectly, 10% or more of the Equity Interests of the specified Person and (iii) any Person 10% or more of the Equity Interests of which are held directly or indirectly by the specified Person or a controlling Person.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and each Co-Documentation Agent.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Amendment No.4 Effective Date" means March 19, 2001.

"Amendment No. 5" has the meaning set forth in the preamble.

"Amendment No. 5 Effective Date" means the date of effectiveness of Amendment No. 5.

"Applicable Margin" means, for any day, (a) with respect to any Term Loan or Revolving Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

(b) with respect to any Incremental Tranche A Loan, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the ratings by S&P and Moody's, respectively, applicable on such date to the Facilities plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Administrative Agent in respect of the most recently ended fiscal quarter of the Borrower, is less than 6:00 to 1:00:

	FACILITIES RATING	EURODOLLAR SPREAD	ABR SPREAD	LEVERAGE PREMIUM
LEVEL I	BBB- and Baa3 or higher	1.50%	0.50%	0.25%
LEVEL II	BB+ and Ba1	1.875%	0.875%	0.25%
LEVEL III	BB and Ba2	2.25%	1.25%	0.25%
LEVEL IV	BB- and Ba3	2.50%	1.50%	0.25%
LEVEL V	Lower than BB- or lower than Ba3	2.75%	1.75%	0.25%

and

(c) with respect to any Additional Incremental Loan, the Applicable Margin in respect thereof set forth in the applicable Additional Incremental Facility Agreement.

For purposes of the foregoing clauses (a) and (b), (i) if neither S&P nor Moody's shall have in effect a rating for the Facilities (other than by reason of the circumstances referred to in the last sentence of this definition), then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply (other than with respect to the Leverage Premium or as described in the immediately succeeding sentence or the immediately succeeding paragraph) during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P or Moody's shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any such amendment shall be subject to the provisions of Section 10.02(b).

If the Borrower shall enter into any Additional Incremental Facility Agreement, the Borrower, the Incremental Facility Arrangers and the Administrative Agent, on behalf of the then current Lenders, shall evaluate in good faith at such time whether to amend this definition of Applicable Margin with respect to the Term Loans, the Revolving Loans and the Incremental Tranche A Term Loans. Any such amendment shall be subject to the provisions of Section 10.02(b).

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"ATL" means ATL-Algar Telecom Leste S.A., a Brazilian corporation.

"Attributable Debt" means, on any date, in respect of any lease of Holdings or any Restricted Subsidiary entered into as part of a Sale and Leaseback Transaction subject to Section 6.06(ii), (i) if such lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bank of America" means Bank of America, N.A.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Williams Communications, LLC, a Delaware limited liability company.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of Holdings and the Restricted Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Holdings and the Restricted Subsidiaries for such period prepared in accordance with GAAP, other than any such capital expenditures that constitute Investments permitted under Section 6.04 (other than Section 6.04(i)); provided that any use during such period of the proceeds of any such Investment made by the recipient thereof for additions to property, plant and equipment and other capital expenditures, as described in this definition, shall (unless such use shall, itself, constitute an Investment permitted under Section 6.04 (other than Section 6.04(i)) constitute "Capital Expenditures".

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalent Investments" means:

(1) Government Securities maturing, or subject to tender at the option of the holder thereof, within two years after the date of acquisition thereof;

(2) time deposits and certificates of deposit of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the law of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in

excess of $500,000,000, or its foreign currency equivalent at the time, in either case with a maturity date not more than one year from the date of acquisition;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with (a) any bank meeting the qualifications specified in clause (2) above or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing, or subject to tender at the option of the holder of such obligation, within one year after the date of acquisition thereof; provided that, at the time of acquisition, the long-term debt of such state, political subdivision or public instrumentality has a rating of A, or higher, from S&P or A-2 or higher from Moody's or, if at any time neither S&P nor Moody's shaft be rating such obligations, then an equivalent rating from such other nationally recognized rating service as is acceptable to the Administrative Agent;

(5) commercial paper issued by the parent corporation of (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000, or its foreign currency equivalent at the time, and money market instruments and commercial paper issued by others having one of the three highest ratings obtainable from either S&P or Moody's, or, if at any time neither S&P nor Moody's shall be rating such obligations, then from such other nationally recognized rating service as is acceptable to the Administrative Agent and in each case maturing within one year after the date of acquisition;

(6) overnight bank deposits and bankers' acceptances at (a) any commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time;

(7) deposits available for withdrawal on demand with (a) a commercial bank organized in the United States having capital and surplus in excess of $500,000,000 or (b) any branch located in the United States of any commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development having total assets in excess of $500,000,000 or its foreign currency equivalent at the time; and

(8) investments in money market funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7).

"Change in Control" means:

(a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any shares of capital stock of the Borrower;

(b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the rules of the Commission thereunder as in effect on the date hereof) other than the Parent and its subsidiaries, of shares representing more than 35% of either (i) the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) the issued and outstanding capital stock of Holdings;

(c) other than as a result of the consummation of the Spin-Off, the failure of the Parent and its subsidiaries to own, directly or indirectly, (i) more than 75% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the aggregate ordinary voting power represented by the issued and outstanding Voting Stock of Holdings or (ii) more than 65% (or, if (x) the Facilities are rated at least BBB- by S&P and Baa3 by Moody's and (y) the Parent shall have been released from its obligations under the Parent Guarantee, 35%) of the issued and outstanding capital stock of Holdings;

(d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed by directors so nominated; or

(e) the acquisition of direct or indirect Control of Holdings by any Person or group (other than, prior to the consummation of the Spin-Off, the Parent).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, any Swingline Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender, Swingline Lender or Issuing Bank or by such Lender's, Swingline Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Class" means, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Swingline Loans, Incremental Term Loans or Additional Incremental Loans and, when used in reference to any Commitment or Facility, refers to whether such Commitment or Facility is a Revolving Commitment or Facility, a Term Commitment or Facility, an Incremental Commitment or Facility or an Additional Incremental Commitment or Facility. The Additional Incremental Loans, Borrowings thereof and Additional Incremental Commitments under each Additional Incremental Facility shall constitute a separate Class from the Additional Incremental Loans,

Borrowings thereof and Additional Incremental Commitments under each other Additional Incremental Facility, and if an Additional Incremental Facility includes Additional Incremental Revolving Commitments and Additional Incremental Term Commitments, such Additional Incremental Revolving Commitments and Additional Incremental Term Commitments and the Additional Incremental Revolving Loans and Borrowings thereof and the Additional Incremental Term Loans and Borrowings thereof, respectively, thereunder shall constitute separate Classes.

"CNG" means CNG Computer Networking Group, Inc., a Delaware corporation, and its successors and assigns.

"Co-Documentation Agent" means each of Salomon Smith Barney Inc., Lehman Brothers, Inc. and Merrill Lynch & Co., Inc., in each case in its capacity as a co-documentation agent hereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Collateral Document.

"Collateral Documents" means the Security Agreement and all security agreements, pledge agreements, mortgages and other security agreements or instruments or documents executed and delivered pursuant to Section 5.11B, 5.13 or 5.14.

"Collateral Establishment Date" has the meaning assigned to such term in Section 5.11B.

"Collateral Event" means the failure of the Facilities to be rated at least (i) BB- by S&P and (ii) Ba3 by Moody's.

"Collateral Notice has the meaning assigned to such term in Section 5.11B.

"Collateral Release Event" means the occurrence, after the occurrence of a Collateral Event, of the earlier to occur of (i) the termination of the Commitments, the payment in full of all obligations under the Loan Documents and the expiration or termination of all Letters of Credit and (ii) the rating of the Facilities by S&P of BB+ or greater and by Moody's of Ba1 or greater, in each case after giving effect to the release of all Collateral.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means a Revolving Commitment, a Term Commitment, an Incremental Commitment, an Additional Incremental Commitment or any combination thereof (as the context requires).

"Commitment Fee Rate" means, (a) with respect to the Revolving Commitments and the Term Commitments, a rate per annum equal to (x) 1.00% for each day on which Usage is less than 33.3%, (y) 0.75% for each day on which Usage is equal to or greater than 33.3% but less than 66.6% and (z) 0.50% for each day on which Usage is equal to or greater than 66.6% and (b) with respect to the Incremental Tranche A Commitments, 0.75% for each day. For purposes of the foregoing, "Usage" means, on any date, the percentage obtained by dividing (i) in the case of Revolving Commitments, (a) the aggregate Revolving Exposure on such date less the aggregate principal amount of all Swingline Loans outstanding on such date by (b) the aggregate outstanding Revolving Commitments on such date and (ii) in the case of Term Commitments, (a) the aggregate principal amount of all Term Loans outstanding on such date by (b) the sum of the aggregate principal amount of all Term Loans outstanding on such date and the aggregate unused Term Commitments on such date.

"Commitment Fees" has the meaning assigned to such term in Section 2.12.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings and the Restricted Subsidiaries (exclusive of the portion of net income allocable to Persons that are not Restricted Subsidiaries, except to the extent such amounts are received in cash by the Borrower or a Restricted Subsidiary) for such period.

"Consolidated Assets" means, at any date, the consolidated assets of Holdings and the Restricted Subsidiaries.

"Contributed Capital" means, at any date, (i) Total Net Debt at such date plus (ii) without duplication, all cash proceeds received by Holdings on or prior to such date from contributions to the capital, or purchases of common equity securities, of Holdings, including, without limitation, the proceeds of the Equity Issuance, and all other capital contributions made by the Parent and its subsidiaries (other than Holdings and its Subsidiaries) to Holdings, but only to the extent that proceeds of any of the foregoing are contributed by Holdings to the Borrower.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Dark Fiber and Capacity Proceeds" means, for any period, cash proceeds received by Holdings and the Restricted Subsidiaries in respect of Dark Fiber and Capacity Dispositions during such period.

"Dark Fiber and Capacity Disposition" means a lease, sale, conveyance or other disposition of fiber optic cable or capacity for a period constituting all or substantially all of the expected useful life of either the fiber optic cable (in the case of Dark Fiber Disposition) or optronic equipment generating the capacity (in the case of Capacity Disposition) thereof.

"Deemed Subsidiary Investment" has the meaning assigned to such term in Section 6.14.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disqualified Stock" of any Person means any Equity Interest of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Term Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period,

(i) Consolidated Net Income for such period,

plus,

(ii) to the extent deducted in determining Consolidated Net Income, the sum, without duplication, of (w) interest expense, (x) income tax expense, (y)

depreciation and amortization expense and (z) non-cash extraordinary or non-recurring charges (if any), in each case recognized in such period;

minus,

(iii) to the extent included in Consolidated Net Income for such period, extraordinary or non-recurring gains (if any), in each case recognized in such period.

"Effective Date" means September 8, 1999.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material, the health effects of Hazardous Materials or safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"Equity Issuance" means the issuance and sale by Holdings of its common stock (x) in an initial public offering or (y) to certain strategic investors other than the Parent or any of its subsidiaries or Affiliates.

"Equity Issuance Registration Statement" means Amendment No. 7 to the Registration Statement on Form S-1 with respect to the Equity Issuance filed by Holdings with the Commission on September 2, 1999.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an

intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article 7.

"Excess Cash Flow" means, for any fiscal period, the sum (without duplication) of:

(a) the Consolidated Net Income (or loss) of Holdings and the Restricted Subsidiaries for such period, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization, non-cash interest expense and other non-cash charges or losses deducted in determining Consolidated Net Income (or loss) for such period; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such period plus (ii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries increased during such period plus (iii) the aggregate principal amount of Capital Lease Obligations and other Indebtedness incurred during such period to finance Capital Expenditures, to the extent that mandatory principal payments in respect of such Indebtedness would not be excluded from clause (f) below when made; minus

(d) the sum of (i) any non-cash gains included in determining Consolidated Net Income (or loss) for such period plus (ii) the amount, if any, by which Net Working Capital increased during such period plus (iii) the amount, if any, by which the consolidated deferred revenues of Holdings and the Restricted Subsidiaries decreased during such period; minus

(e) Capital Expenditures for such period; minus

(f) the aggregate principal amount of long-term Indebtedness (including pursuant to Capital Lease Obligations) repaid or prepaid by Holdings and the Restricted Subsidiaries during such period, excluding (i) Indebtedness in respect of Revolving Loans, Incremental Revolving Loans, Additional Incremental Revolving Loans and Letters of Credit, (ii) Term Loans, Incremental Term Loans and Additional Incremental Term Loans prepaid pursuant to Section 2.11(b) or (c), (iii) repayments or prepayments of Indebtedness financed by incurring other

Indebtedness, to the extent that mandatory principal payments in respect of such other Indebtedness would not be excluded from this clause (f) when made and (iv) Indebtedness referred to in Sections 6.01(d), 6.01(f), 6.01(g), 6.01(i), 6.01(j), 6.01(k) and 6.01(o).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is a resident or is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)) or any Participant that would be a Foreign Lender if it were a Lender, any withholding tax that (i) is imposed on or with respect to amounts payable to such Foreign Lender or Participant at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or such Participant become a Participant, except to the extent that such Foreign Lender (or its assignor, if any) or Participant was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender or Participant's failure to comply with Section 2.17(e).

"Existing International Joint Ventures" means ATL, PowerTel Limited and Telefonica Manquehue, S.A.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of Holdings or the Borrower, as the case may be.

"First Incremental Borrowing Date" means the date on which the first Borrowing under the Incremental Facility is made in accordance with Section 4.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia, other than a Subsidiary that is (whether as a matter of law, pursuant to an election by such Subsidiary or otherwise) treated as a partnership in which any Subsidiary that is not a Foreign Subsidiary is a partner or as a branch of any Subsidiary that is not a Foreign Subsidiary for United States income tax purposes.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations fully and unconditionally guaranteed or insured by, the United States of America or any agency or instrumentality thereof for the payment of which obligations or guarantee the full faith and credit of the United States is pledged and which are not callable or redeemable at the issuer's option; provided that, for purposes of the definition of "Cash Equivalents Investments" only, such obligations shall not constitute Government Securities if they are redeemable or callable at a price less than the purchase price paid by the Borrower or the applicable other Restricted Subsidiary, together with all accrued and unpaid interest, if any, on such Government Securities.

"Granting Lender" has the meaning set forth in Section 10.04(b)(2).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law as hazardous, toxic, a pollutant or a contaminant.

"Hedge Counterparty" means each Lender that is, and each affiliate of any Lender that is, a counterparty under a Hedging Agreement entered into with the Borrower or any other Restricted Subsidiary.

"Hedging Agreement" means any interest rate protection agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"High Yield Notes" means the notes issued by Holdings (i) the terms of which either (A) are substantially similar to the terms set forth in the Notes Offering Registration Statement or (B) are otherwise approved by the Administrative Agent and the Syndication Agent after consultation with the Required Banks and (ii) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date.

"Holdings" means Williams Communications Group, Inc., a Delaware corporation.

"Incremental Commitments" means the Incremental Tranche A Commitments.

"Incremental Facility" means the Incremental Tranche A Facility.

"Incremental Facility Arrangers" means Salomon Smith Barney Inc. and Lehman Brothers, Inc., in their respective capacities as joint lead arrangers of the Incremental Facility.

"Incremental Lenders" means the Incremental Tranche A Lenders.

"Incremental Term Loans" means the Incremental Tranche A Term Loans.

"Incremental Tranche A Amortization Date" means December 31, 2002.

"Incremental Tranche A Commitments" means with respect to each Incremental Tranche A Lender, the commitment, if any, of such Lender to make Incremental Tranche A Term Loans hereunder during the Incremental Tranche A Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Incremental Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Tranche A Term Commitment is set forth on Schedule 2.01(b), or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Incremental Tranche A Term Commitment, as applicable. The initial aggregate amount of the Incremental Tranche A Lenders' Incremental Tranche A Term Commitments is $450,000,000.

"Incremental Tranche A Commitment Termination Date" means the date that is the earlier of (i) 180 days after the Amendment No. 5 Effective Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Incremental Tranche A Facility" means the Incremental Tranche A Commitments and the Incremental Tranche A Term Loans hereunder.

"Incremental Tranche A Lenders" means a Lender with an Incremental Tranche A Commitment or an outstanding Incremental Tranche A Term Loan.

"Incremental Tranche A Maturity Date" means September 8, 2006.

"Incremental Tranche A Term Loan" means a Loan made pursuant to Section 2.01(b)(i).

"Incremental Tranche A Term Loan Availability Period" means the period from and including the First Incremental Borrowing Date to but excluding the earlier of (i) the Incremental Tranche A Commitment Termination Date and (ii) the date of termination of the Incremental Tranche A Commitments.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) current accounts payable incurred in the ordinary course of business and (ii) payment obligations of such Person to the owner of assets used in a Telecommunications Business for the use thereof pursuant to a lease or other similar arrangement with respect to such assets or a portion thereof entered into in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all (x) Capital Lease Obligations of such Person (provided that Capital Lease Obligations in respect of fiber optic cable capacity arising in connection with exchanges of such capacity shall constitute Indebtedness only to the extent of the amount of such Person's liability in respect thereof net (but not less than zero) of such Person's right to receive payments obtained in exchange therefor) and (y) ADP Outstandings, if any, of such Person, (h) all obligations, contingent or otherwise, of

such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (j) any Disqualified Stock and (k) all obligations under any Hedging Agreements or Permitted Specified Security Hedging Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of the Borrower and the other Subsidiaries shall exclude any Indebtedness of Holdings that would otherwise constitute Indebtedness of the Borrower or any such Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d), and Indebtedness of Holdings and the Subsidiaries shall exclude any Indebtedness of the Parent that would otherwise constitute Indebtedness of Holdings or any Subsidiary only under clause (e) above and solely by virtue of a Lien created under the Loan Documents in accordance with Section 5.11B(d).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated August 1999 relating to the Parent, Holdings, the Borrower and the Transactions.

"Initial Collateral Date" means the first date on which the Parent ceases to own at least a majority of the outstanding securities having ordinary voting power of Holdings, whether as a result of the consummation of the Spin-Off or otherwise.

"Intercreditor Agreement" means the Intercreditor Agreement, substantially in the form of Exhibit H hereto, among the Lenders, the Parent, Holdings and the Borrower.

"Interest Coverage Ratio" means, at any date, the ratio of (i) the amount equal to (A) EBITDA plus (B) ADP Interest Expense minus (C) gains attributable to Dark Fiber and Capacity Dispositions plus (D) Dark Fiber and Capacity Proceeds to (ii) Interest Expense, in each case for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"Interest Expense" means, for any period, the cash interest expense of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP plus ADP Interest Expense for such period, net of interest income for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, or six months (or if corresponding funding is available to each Lender of the applicable Class, twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of

such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America and Chase, each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such affiliate with respect to Letters of Credit issued by such affiliate.

"Investment" has the meaning assigned to such term in Section 6.04.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01, any Additional Incremental Lender that shall become a Lender pursuant to Section 2.20 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders and the Additional Incremental Lenders.

"Leverage Target Date" means the first date on or after March 31, 2002 on which the Total Leverage Ratio for the fiscal quarter (or fiscal year, as the case may be) most recently ended and with respect to which Holdings and the Borrower shall have delivered the financial statements required to be delivered by them with respect to such fiscal quarter (or fiscal year, as the case may be) pursuant to Section 5.01(a) or 5.01(b) does not exceed 3.5:1.0.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Parent Guarantee, the Subsidiary Guarantee, the Intercreditor Agreement, any Additional Incremental Facility Agreement and the Collateral Documents (if any).

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loan Party Guarantees" means the Subsidiary Guarantee.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Mark-to-Market Valuation" means, at any date with respect to any Hedging Agreement or Permitted Specified Security Hedging Transaction, all net obligations under such Hedging Agreement or Permitted Specified Security Hedging Transaction in an amount equal to (i) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has been closed out, the termination value thereof or (ii) if such Hedging Agreement or Permitted Specified Security Hedging Transaction has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in Hedging Agreements or other transactions similar to such Hedging Agreement or Permitted Specified Security Hedging Transaction."

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of Holdings and the Restricted Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings or any Restricted Subsidiary in respect of any Hedging Agreement or Permitted Specified Security Hedging Transaction at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Restricted Subsidiary would be required to pay if such Hedging Agreement or Permitted Specified Security Hedging Transaction were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations.

"Mortgage Establishment Date" has the meaning assigned to such term in Section 5.11B(b).

"Mortgaged Property" means each parcel of real property and the improvements thereto owned by a Loan Party with respect to which a Mortgage is granted pursuant to Section 5.11B(b).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by Holdings and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by Holdings and the Restricted

Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings and the Restricted Subsidiaries, and the amount of any reserves established by Holdings and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of Holdings).

"Net Working Capital" means, at any date, (a) the consolidated current assets of Holdings and the Restricted Subsidiaries as of such date (excluding cash and Cash Equivalent Investments) minus (b) the consolidated current liabilities of Holdings and the Restricted Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Notes Offering" means the public offering and sale of the High Yield Notes.

"Notes Offering Registration Statement" means Amendment No. 6 to the Registration Statement on Form S-1 with respect to the Notes Offering filed by Holdings with the Commission on September 2, 1999.

"Obligations" means (i) obligations under the Loan Documents, including (x) all principal of and interest (including, without limitation, Post-Petition Interest) on any Loan under, or any Note issued pursuant to, or any reimbursement obligation under any Letter of Credit under, the Credit Agreement and (y) all other amounts payable under the Loan Documents and (ii) obligations of any Loan Party under any Hedging Agreement with any Lender or any affiliate of any Lender, including, without limitation, a conditional obligation to make a future payment under an outstanding Hedging Agreement.

"Operative Documents" has the meaning set forth in the Participation Agreement.

"Other Financing Documents" means all agreements, instruments and other documents entered into or related to the Equity Issuance and the Notes Offering.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent" means The Williams Companies, Inc., a Delaware corporation.

"Parent Indemnity" means the Indemnification Agreement dated as of September 1, 1999 between the Parent and Holdings.

"Participation Agreement" means the Amended and Restated Participation Agreement dated as of September 2, 1998, as amended from time to time, among the Borrower, State Street Bank and Trust Company of Connecticut, National Association, as trustee, the Noteholders and Certificate Holders named therein, State Street Bank and Trust Company, as collateral agent, and Citibank, N.A., as agent, and the other agents, arrangers and managing agents party thereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of Holdings or any Restricted Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Receivables Disposition" means any transfer (by way of sale, pledge or otherwise) by the Borrower or any Restricted Subsidiary to any other Person (including a Receivables Subsidiary) of accounts receivable and other rights to payment (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise and including the right to payment of interest or finance charges) and related contract and other rights and property (including all general intangibles, collections and other proceeds relating thereto, all security therefor (and the property subject thereto), all guarantees and other agreements or arrangements of whatsoever character from time to time supporting such right to payment, and all other rights, title and interest in goods relating to a sale which gave rise to such right of payment) in connection with a Permitted Receivables Financing.

"Permitted Receivables Financing" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $250,000,000 on terms reasonably satisfactory to all the Incremental Facility Arrangers (if any) and the Administrative Agent.

"Permitted Specified Security Hedging Transactions" means options, collars, forwards and other similar transactions (including, without limitation, prepaid forward transactions, collar/loan transactions and other similar transactions) with respect to any Specified Security entered into by the Borrower or any of its Subsidiaries to monetize the value of and/or hedge against changes in the market price of such Specified Security."

"Permitted Telecommunications Asset Disposition"means the transfer, conveyance, sale, lease or other disposition of an interest in or capacity on (1) optical fiber and/or conduit and any related equipment, technology or software used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would retain the right to use at least the minimum retained capacity set forth below:

(i) with respect to any Segment constructed by, for or on behalf of the Borrower or any Subsidiary or Affiliate, (x) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (y) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; and

(ii) with respect to any Segment purchased or leased from third parties, the lesser of (x) 50% of the optical fibers per route mile originally purchased or leased on such Segment, (y) 24 optical fibers per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition or (z) 12 optical fibers and one empty conduit per route mile on such Segment as deployed at the time of such Permitted Telecommunications Asset Disposition; or

(2) single strand fiber used in a Segment of the Borrower's and the Restricted Subsidiaries' communications network, other than in the ordinary course of business; provided that after giving effect to such disposition, the Borrower and the Restricted Subsidiaries would not eliminate all capacity between the endpoint cities connected by any fiber of the Borrower or its Restricted Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Post-Petition Interest" means any interest that accrues after the commencement of any case, proceeding or action relating to the bankruptcy, reorganization or insolvency of the Borrower (or would accrue but for the operation of applicable bankruptcy, reorganization or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of Holdings or any Restricted Subsidiary, other than Dark Fiber and Capacity Dispositions and dispositions permitted under clauses (a) through (d) and (f) through (i) of Section 6.05 and except as contemplated by Sections 5.17 and 5.18; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset or purchase similar property or assets within 360 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01.

"Prepayment Portion" means in respect of any prepayment to be made pursuant to Section 2.11(b) or 2.11(c), a fraction, the numerator of which is the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate principal amount and the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction pursuant to Section 2.08(f) or (g) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Dallas, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning set forth in Section 3.04(d).

"Qualifying Borrower Indebtedness" means, unsecured Indebtedness of the Borrower to Holdings that (i) does not require the payment of any principal or cash interest prior to the first anniversary of the Term Maturity Date, (ii) is not redeemable by, or convertible or exchangeable for securities of the Borrower or any of its Subsidiaries that are redeemable by, the holder thereof, and not subject to any required sinking fund or other similar payment, prior to the first anniversary of the Term Maturity Date, (iii) is subordinated to the Obligations pursuant to subordination provisions at least as favorable to the holders of the Obligations as the provisions set forth in Exhibit J hereto and (iv) includes no covenants, events of default or acceleration provisions other than a customary bankruptcy default and acceleration provision.

"Qualifying Equity Interest" means, with respect to Holdings or the Borrower, Equity Interests of Holdings or the Borrower, as the case may be, that (i) are not mandatorily redeemable or redeemable at the option of the holder thereof, (ii) are not convertible into or exchangeable for debt securities of Holdings or any Restricted Subsidiary, Equity Interests in any Restricted Subsidiary or Equity Interests that are not Qualifying Equity Interests of Holdings, (iii) are not required to be repurchased or redeemed by Holdings or any Restricted Subsidiary and (iv) do not require the payment of cash dividends, in each of the foregoing cases, prior to the date that is one year after the Term Maturity Date.

"Qualifying Holdings Debt" means unsecured debt of Holdings (other than the High Yield Notes) (i) no part of the principal of which is required to be paid (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date, (ii) the payment of the principal of and interest on which and other payment obligations of Holdings in respect of which are subordinated to the prior payment in full in cash of the principal of and interest (including Post-Petition Interest) on the Loans and all other obligations under the Loan Documents and (iii) the terms and conditions of which are reasonably satisfactory to the Required Lenders.

"Qualifying Issuances" means (i) any issuance of Qualifying Equity Interests of Holdings, (ii) any issuance of unsecured Indebtedness described in clauses (a) or (b) of the definition thereof of Holdings or the Borrower, and (iii) any Sale and Leaseback Transaction by the Borrower or a Restricted Subsidiary the subject property of which is the building under construction as of the Amendment No. 4 Effective Date and

adjacent to One Williams Center, together with the parking garage adjacent thereto, or any one or more of three corporate jets identified by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date, so long as the terms and conditions of any such Indebtedness or Sale and Leaseback Transaction shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Receivables Subsidiary" means any wholly-owned Unrestricted Subsidiary (regardless of the form thereof) of the Borrower formed solely for the purpose of, and which engages in no other activities except those necessary for, effecting Permitted Receivables Financings.

"Reduction Portion" means, in respect of any reduction of Revolving Commitments or Additional Incremental Revolving Commitments to be made pursuant to Section 2.08(f) or (g), a fraction, the numerator of which is the aggregate Revolving Commitments and Additional Incremental Revolving Commitments of any Class subject to reduction under such Section on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Commitments are actually to be reduced on account of such Prepayment Event or Excess Cash Flow), and the denominator of which is the sum of such aggregate Commitments and the aggregate principal amount of Term Loans, Additional Incremental Term Loans and Incremental Term Loans of any Class subject to prepayment under Section 2.11(b) or 2.11(c) on account of Excess Cash Flow or the applicable type of Prepayment Event, as the case may be (whether or not such Loans are actually to be prepaid on account of such Prepayment Event or Excess Cash Flow).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Reorganization" means the contribution to the Borrower by the Parent and its subsidiaries (other than Holdings and the Subsidiaries) of its material subsidiaries that hold interests in international communications projects (other than Algar Telecom S.A. (formerly known as Lightel S.A.) and by Holdings of all of its material subsidiaries (other than the Borrower and its subsidiaries), in each case not previously held, directly or indirectly, by the Borrower.

"Required Lenders" means, at any time, Lenders having outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments representing more than 50% of the sum of the total outstanding Revolving Exposures, Additional Incremental Revolving Loans, Term Loans, Incremental Term Loans, Additional Incremental Term Loans and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such shares of capital stock of Holdings, the Borrower or any Subsidiary.

"Restricted Subsidiary" means the Borrower and each other Subsidiary (other than any Foreign Subsidiary) of Holdings that has not been designated as an Unrestricted Subsidiary pursuant to and in compliance with Section 6.14. On the Effective Date, all Subsidiaries (other than (i) each Structured Note Trust and (ii) any Foreign Subsidiary) of Holdings are Restricted Subsidiaries.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $525,000,000.

"Revolving Commitment Reduction Date" means September 30, 2002.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Facility" means the Revolving Commitments and the Revolving Loans hereunder.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Revolving Maturity Date" means the sixth anniversary of the Effective Date.

"Sale and Leaseback Transaction" has the meaning set forth in Section 6.06.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

"Security Agreement" means the security agreement substantially in the form of Exhibit K hereto among the Borrower, each Restricted Subsidiary and the Administrative Agent entered into as of the Initial Collateral Date, as amended from time to time.

"Segment" means (i) with respect to the Borrower's and the other Restricted Subsidiaries' intercity network, the through-portion of such network between two local networks and (ii) with respect to a local network of the Borrower and the other Restricted Subsidiaries, the entire through-portion of such network, excluding the spurs which branch off the through-portion.

"Senior Debt" means, at any date, without duplication, all Indebtedness (other than Qualifying Borrower Indebtedness permitted under Section 6.01(p)) of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower, determined on a consolidated basis at such date and the ADP Outstandings at such date; provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of the Borrower and the Restricted Subsidiaries that are subsidiaries of the Borrower then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Mark-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero."

"Senior Leverage Ratio" means, at any date, the ratio of (i) Senior Net Debt at such date, to (ii) Adjusted EBITDA, for the period of four fiscal quarters most recently ended on or prior to such date.

"Senior Net Debt" means, at any date, Senior Debt at such date minus the aggregate amount of all cash and Cash Equivalent Investments of the Borrower and the other Restricted Subsidiaries that are subsidiaries of the Borrower (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Solutions" means Williams Communications Solutions, LLC, a Delaware corporation, and its successors and assigns.

"SPC" has the meaning set forth in Section 10.04(b)(2).

"Specified Hedging Agreement" has the meaning set forth in Section 9.01.

"Specified Indebtedness" has the meaning set forth in Section 6.07(b).

"Specified Security" means publicly traded equity securities of actual or prospective customers or vendors of the Borrower and its subsidiaries acquired by the Borrower and its subsidiaries in connection with (or pursuant to warrants, options or rights acquired in connection with) actual or prospective commercial agreements with such customers or vendors; provided that securities of the Borrower or any of its subsidiaries or Affiliates shall not constitute Specified Securities.

"Spin-Off" means the distribution by Parent to its shareholders of all or substantially all of the capital stock of Holdings held by Parent substantially on the terms described by the Borrower to the Lenders prior to the Amendment No. 4 Effective Date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Structured Note Bridge Indebtedness" means the Indebtedness permitted to be incurred by Holdings pursuant to Section 6.01(t).

"Structured Note Financing" means the issuance by the Structured Note Trust of notes for cash Net Proceeds of up to $1,500,000,000 substantially on the terms and conditions described by the Borrower in the "Term Sheet for Structured Note" included as an attachment to the Borrower's Amendment Request distributed to the Lenders on or prior to March 7, 2001 or otherwise approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof.

"Structured Note Trust" means WCG Note Trust and WCG Note Corp., Inc., each of which is an Unrestricted Subsidiary created for the purpose of consummating the Structured Note Financing and conducting no activities other than the consummation of the Structured Note Financing and activities incidental thereto.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability

company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of Holdings. For purposes of the representations and warranties made herein on the Effective Date, the term "Subsidiary" includes each of the Borrower and the other Restricted Subsidiaries.

"Subsidiary Designation" has the meaning set forth in Section 6.14.

"Subsidiary Guarantee" means the Subsidiary Guarantee, substantially in the form of Exhibit D, made by the Subsidiary Loan Parties in favor of the Administrative Agent for the benefit of the Lenders, and any Supplements thereto.

"Subsidiary Loan Party" means any Restricted Subsidiary (other than the Borrower) that is not a Foreign Subsidiary; provided that no Receivables Subsidiary shall be a Subsidiary Loan Party for any purpose under the Loan Documents.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lenders" means Bank of America and Chase, each in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Syndication Agent" means Chase, in its capacity as syndication agent hereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telecommunications Assets" means:

(a) any property (other than cash or Cash Equivalent Investments) to be owned or used by the Borrower or any other Restricted Subsidiary and used in the Telecommunications Business; and

(b) Equity Interests of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Equity Interests by the Borrower or any other Restricted Subsidiary from any Person other than an Affiliate of Holdings or the Borrower; provided that such Person is primarily engaged in the Telecommunications Business.

"Telecommunications Business" means the business of:

(a) transmitting, or providing services relating to the transmission of, voice, video or data through owned or leased transmission facilities or the right to use such facilities;

(b) constructing, acquiring, creating, developing, operating, managing or marketing communications networks, related network transmission equipment, software and other devices for use in a communications business;

(c) computer outsourcing, data center management, computer systems integration, reengineering of computer software for any purpose, including, without limitation, for the purposes of porting computer software from one operating environment or computer platform to another or to address issues commonly referred to as "Year 2000 issues";

(d) constructing, managing or operating fiber optic telecommunications networks and leasing capacity on those networks to third parties;

(e) the sale, resale, installation or maintenance of communications systems or equipment; or

(f) evaluating, participating in or pursuing any other activity or opportunity that is primarily related to those identified in (a), (b), (c), (d) or (e) above;

provided that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of Holdings.

"Term Amortization Date" means September 30, 2002.

"Term Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder during the Term Loan Availability Period, expressed as an amount representing the maximum principal amount of the Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Term Commitment as of the Amendment No. 5 Effective Date is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Term Commitment, as applicable. The initial aggregate amount of the Lenders' Term Commitments is $525,000,000.

"Term Commitment Termination Date" means September 8, 2000.

"Term Facility" means the Term Commitments and the Term Loans hereunder.

"Term Lender" means a Lender with a Term Commitment or an outstanding Term Loan.

"Term Loan" means a Loan made pursuant to Section 2.01(a)(i).

"Term Loan Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Term Commitment Termination Date and the date of termination of the Term Commitments.

"Term Maturity Date" means September 30, 2006.

"Total Debt" means, at any date, without duplication, the sum of all Indebtedness of Holdings and the Restricted Subsidiaries, determined on a consolidated basis at such date, and the ADP Outstandings at such date, provided that, for purposes of this definition, (i) Indebtedness in respect of Hedging Agreements shall be equal to (A) the aggregate net Mark-to-Market Valuation of all Hedging Agreements of Holdings and the Restricted Subsidiaries then outstanding, to the extent that such aggregate net Mark-to-Market Valuation constitutes a net obligation of the Borrower and such Restricted Subsidiaries and (B) zero, if such aggregate net Mark-to-Market Valuation does not constitute such a net obligation and (ii) Indebtedness in respect of Permitted Specified Security Hedging Transactions shall be equal to (A) an amount equal to the Market-to-Market Valuation of such Permitted Specified Security Hedging Transaction less the fair market value of the Specified Securities and related contract rights securing such Permitted Specified Security Hedging Transaction, if such amount is greater than zero and (B) zero, if such amount is not greater than zero.

"Total Leverage Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Adjusted EBITDA for the period of four fiscal quarters most recently ended on or prior to such date.

"Total Net Debt" means, at any date, Total Debt at such date, minus the aggregate amount of all cash and Cash Equivalent Investments of Holdings and the Restricted Subsidiaries (excluding any cash and Cash Equivalent Investments that are blocked or restricted so that they may not be used for general corporate purposes at such date) in excess of $10,000,000 at such date.

"Total Net Debt to Contributed Capital Ratio" means, at any date, the ratio of (i) Total Net Debt at such date to (ii) Contributed Capital at such date.

"Trading Subsidiary" has the meaning assigned to such term in Section 6.03(c).

"Transactions" means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to an Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (i) any Subsidiary (other than the Borrower) that is designated by the Board of Directors of Holdings as an Unrestricted Subsidiary in accordance with Section 6.14, and (ii) each Structured Note Trust.

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, whether or not the right so to vote has been suspended by the happening of such a contingency.

"Weighted Average Life to Maturity" means, on any date and with respect to the Revolving Commitments, the Term Loans, any Additional Incremental Revolving Commitments of any Class, any Incremental Term Loans, any Additional Incremental Term Loans of any Class or any other Indebtedness or commitments to provide financing, an amount equal to (i) the sum, for each scheduled repayment of Term Loans, Additional Incremental Term Loans or Incremental Term Loans of such Class or of such Indebtedness, as the case may be, to be made after such date, or each scheduled reduction of Revolving Commitments or Additional Incremental Revolving Commitments of such Class or other commitments to provide financing, as the case may be, to be made after such date, of the amount of such scheduled repayment or reduction multiplied by the number of days from such date to the date of such scheduled prepayment or reduction divided by (ii) the aggregate principal amount of such Term Loans, Additional Incremental Term Loans or Incremental Term Loans or of such Indebtedness, as the case may be, or such Revolving Commitments or Additional Incremental Revolving Commitments or other commitments to provide financing, as the case may be.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

SECTION 2.1. Commitments. Subject to the terms and conditions set forth herein, (a) each Lender agrees (i) to make Term Loans to the Borrower from time to time during the Term Loan Availability Period in a principal amount not exceeding its Term Commitment, if any, (ii) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment, if any, (iii) to make Additional Incremental Term Loans to the Borrower under any Additional Incremental Facility during the period or on the date set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding its Additional Incremental Commitment in respect of such Additional Incremental Facility, if any, and (iv) to make Additional Incremental Revolving Loans to the Borrower under any Additional Incremental Facility during the period set forth in the applicable Additional Incremental Facility Agreement in a principal amount not exceeding at any time its Additional Incremental Revolving Commitment in respect of such Additional Incremental Facility, if any, (b) each Incremental Tranche A Lender agrees to make Incremental Tranche A Term Loans to the Borrower from time to time during the Incremental Tranche A Term Loan Availability Period in a principal amount not exceeding its Incremental Tranche A Commitment, provided that the initial Borrowing under the Incremental Tranche A Facility shall be in an aggregate amount not less than $225,000,000 and shall occur on the First Incremental Borrowing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Additional Incremental Revolving Loans. Amounts repaid in respect of Term Loans, Incremental Term Loans or Additional Incremental Term Loans may not be reborrowed.

SECTION 2.2. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing, Term Borrowing, Additional Incremental Revolving Borrowing, Additional Incremental Term Borrowing and Incremental Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement. At the time that each ABR Borrowing is made, such Borrowing (w) if a Revolving Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000, (x) if a Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less

than $50,000,000 (y) if an Incremental Term Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000 or (z) if an Additional Incremental Term Borrowing or an Additional Incremental Revolving Borrowing shall be in aggregate amounts that are permitted under the applicable Incremental Facility Agreement; provided that (i) an ABR Revolving Borrowing or ABR Additional Incremental Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or Additional Incremental Revolving Commitments of the applicable Class, as the case may be, (ii) an ABR Revolving Borrowing may be in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) and (iii) an ABR Term Borrowing, ABR Incremental Term Borrowing or ABR Additional Incremental Term Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Term Commitments, Incremental Term Commitments, Additional Incremental Term Commitments of the applicable Class, as the case may be. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, the Term Maturity Date, the Incremental Tranche A Maturity Date or the maturity date set forth in the applicable Additional Incremental Facility Agreement, as applicable.

SECTION 2.3. Requests for Borrowings. To request a Borrowing (other than a Swingline Borrowing), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit B hereto and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Term Borrowing, Incremental Tranche A Term Borrowing, Additional Incremental Revolving Borrowing or Additional Incremental Term Borrowing and, in the case of Additional Incremental Revolving Borrowings and Additional Incremental Term Borrowings, the Additional Incremental Facility under which such Borrowing is to be made;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lenders each agree to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans of either Swingline Lender exceeding $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that neither Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, Dallas, Texas time, on the day of a proposed Swingline Loan and shall advise the Administrative Agent as to which Swingline Lender the Borrower desires to provide such Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender indicated by the Borrower in such notice of any such notice received from the Borrower. The applicable Swingline Lender shall make such Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with such Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The applicable Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each

Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan made by such Swingline Lender after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank from whom the Borrower is requesting such Letter of Credit and to the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply

with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $350,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), provided that a Letter of Credit may include customary "evergreen" provisions and (ii) the date that is five Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:30 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to

9:30 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the applicable Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor either Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), each Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor, to any other Issuing Bank or to any previous Issuing Bank, or to such successor, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(h) or 7.01(i). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent

and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.6. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Dallas, Texas and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.7. Interest Elections. (a) Each Revolving Borrowing, Additional Incremental Revolving Borrowing, Term Borrowing, Incremental Term Borrowing and Additional Incremental Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of a Borrowing,

in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(f):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding

Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.8. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Commitments shall terminate on the Term Commitment Termination Date, (ii) the Revolving Commitments shall terminate on the Revolving Maturity Date, (iii) the Incremental Tranche A Commitments shall terminate on the Incremental Tranche A Commitment Termination Date and (iv) the Additional Incremental Commitments of any Class shall terminate on the date set forth in the applicable Additional Incremental Facility Agreement.

(b) Subject to adjustment pursuant to Section 2.08(h), the Revolving Commitments outstanding on the Revolving Commitment Reduction Date shall be automatically and permanently reduced in 12 consecutive installments on the last day of each fiscal quarter (except with respect to the final reduction, which shall be on the Revolving Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Revolving Commitments outstanding on the Revolving Commitment Reduction Date) set forth opposite such quarterly scheduled reduction date (or the Revolving Maturity Date) below; provided that the final installment shall reduce the remaining outstanding Revolving Commitments to zero on the Revolving Maturity Date and the payment made in respect thereof shall equal the sum of (x) the then aggregate unpaid principal amount of all Revolving Loans plus (y) all other unpaid amounts owing in respect of Revolving Loans, which payment shall be due and payable not later than the Revolving Maturity Date:

Scheduled Reduction Date	Commitment Reduction
4th Quarter 2002	5.00%
1st Quarter 2003	5.00%
2nd Quarter 2003	5.00%
3rd Quarter 2003	5.00%
4th Quarter 2003	7.50%
1st Quarter 2004	7.50%
2nd Quarter 2004	7.50%
3rd Quarter 2004	7.50%
4th Quarter 2004	12.50%
1st Quarter 2005	12.50%
2nd Quarter 2005	12.50%
Revolving Maturity Date	12.50%

(c) Subject to adjustment pursuant to Section 2.08(h), the Additional Incremental Revolving Commitments of any Class shall be automatically and permanently reduced on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments and (iii) the Borrower shall not terminate or reduce the Additional Incremental Revolving Commitments of any Class if, after giving effect to any concurrent prepayment of Additional Incremental Revolving Loans of such Class in accordance with Section 2.11, the aggregate principal amount of outstanding Additional Incremental Revolving Loans of such Class would exceed the total Additional Incremental Revolving Commitments of such Class.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(d) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments or the Additional Incremental Revolving Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(f) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.08(f) and in Section 2.11(b). In such event, the Revolving Commitments and, if

provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall, on the third Business Day after such Net Proceeds are received, be automatically and permanently reduced in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any reduction would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Reduction Portion in respect of such Prepayment Event; provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no reduction shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a reduction shall be required in accordance with this paragraph (f).

(g) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Revolving Commitments and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments shall be automatically and permanently reduced in an aggregate amount equal to the product of 50% of Excess Cash Flow for such fiscal year and the Reduction Portion in respect of such Excess Cash Flow; provided that if, on the date on which any reduction would otherwise be made pursuant to this Section 2.08(g), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such reduction shall be required pursuant to this Section 2.08(g). Each reduction pursuant to this paragraph shall be made on the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(h) Any reduction of the Revolving Commitments, other than a reduction pursuant to Section 2.08(a) or 2.08(b) above, shall be applied to reduce the subsequent scheduled reductions of Revolving Commitments to be made pursuant to Section 2.08(a) or 2.08(b) above in reverse chronological order. Any reduction of the Additional Incremental Revolving Commitments of any Class, other than a reduction pursuant to Section 2.08(a) or 2.08(c) above, shall be applied to reduce the subsequent scheduled reductions of Additional Incremental Revolving Commitments of such Class to be made pursuant to Section 2.08(a) or 2.08(c) as set forth in the applicable Additional Incremental Facility Agreement.

SECTION 2.9. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, (iii) to the Administrative Agent for the account of each applicable Incremental Lender the then unpaid principal amount of each Incremental Tranche A Term Loan of such Incremental Lender as set forth in Section 2.10, (iv) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Additional Incremental Loan of any Class of such Lender as set forth in the applicable Additional Incremental Facility Agreement and (v) to each Swingline Lender the then unpaid principal amount of each Swingline Loan made by it on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) and 2.09(c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) No promissory notes evidencing Loans hereunder will be issued unless a Lender requests that a promissory note be issued to it to evidence its Loans of any Class. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans and Incremental Term Loans. (a) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Term Borrowings outstanding on the Term Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Term Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate

amount of Term Loans outstanding on the Term Commitment Termination Date) set forth opposite such quarterly installment date (or the Term Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Term Loans plus (y) all other unpaid amounts owing in respect of Term Loans and shall be due and payable not later than the Term Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Term Maturity Date	7.50%

(b) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Incremental Tranche A Borrowings outstanding on the Incremental Tranche A Amortization Date in 16 consecutive installments of principal, each of which will be due and payable on the last day of each fiscal quarter (except with respect to the final installment, which shall be on the Incremental Tranche A Maturity Date) set forth below in the percentage amounts (expressed as a percentage of the aggregate amount of Incremental Tranche A Term Loans outstanding on the Incremental Tranche A Commitment Termination Date) set forth opposite such quarterly installment date (or the Incremental Tranche A Maturity Date) below; provided that the final installment shall equal the sum of (x) the then aggregate unpaid principal amount of all Incremental Tranche A Term Loans plus (y) all other unpaid amounts owing in respect of the Incremental Tranche A Term Loans, and shall be due and payable not later than the Incremental Tranche A Maturity Date:

Payment Date	Amount
4th Quarter 2002	3.75%
1st Quarter 2003	3.75%
2nd Quarter 2003	3.75%
3rd Quarter 2003	3.75%
4th Quarter 2003	6.25%
1st Quarter 2004	6.25%
2nd Quarter 2004	6.25%
3rd Quarter 2004	6.25%
4th Quarter 2004	7.50%
1st Quarter 2005	7.50%

Payment Date	Amount
2nd Quarter 2005	7.50%
3rd Quarter 2005	7.50%
4th Quarter 2005	7.50%
1st Quarter 2006	7.50%
2nd Quarter 2006	7.50%
Incremental Tranche A Maturity Date	7.50%

(c) Subject to adjustment pursuant to Section 2.10(e), the Borrower shall repay Additional Incremental Term Borrowings of any Class on the scheduled dates, and in the scheduled amounts, if any, set forth in the applicable Additional Incremental Facility Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Maturity Date, all Revolving Loans shall be due and payable on the Revolving Maturity Date, all Incremental Tranche A Term Loans shall be due and payable on the Incremental Tranche A Maturity Date and all Additional Incremental Loans of any Class shall be due and payable on the final maturity date set forth in the applicable Additional Incremental Facility Agreement.

(e) Any prepayment of a Term Borrowing or an Incremental Term Borrowing shall be applied to reduce the subsequent scheduled repayments of Term Borrowings or Incremental Term Borrowings, respectively to be made pursuant to this Section in reverse chronological order. Any prepayment of an Additional Incremental Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayment of Additional Incremental Term Borrowings of such Class to be made pursuant to this Section as set forth in the applicable Additional Incremental Facility Agreement.

(f) Prior to any repayment of any Term Borrowings or Incremental Term Borrowings hereunder or any Additional Incremental Term Borrowings of any Class, the Borrower shall select the Borrowing or Borrowings of such Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., Dallas, Texas time, three Business Days before the scheduled date of such repayment; provided that each repayment of Term Borrowings or Incremental Term Borrowings or any Additional Incremental Term Borrowings of any Class shall be applied to repay any outstanding ABR Term Borrowings or ABR Incremental Term Borrowings or ABR Additional Incremental Term Borrowings of such Class before any other Borrowings of such Class. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings, Incremental Term Borrowings and Additional Incremental Term Borrowings shall be accompanied by accrued interest on the amount repaid.

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section. All

prepayments shall be made without premium or penalty other than, to the extent applicable, amounts payable under Section 2.16.

(b) In the event and on each occasion that any Net Proceeds in excess of $5,000,000 are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, there shall be a pro rata reduction of Revolving Commitments, Term Borrowings, Incremental Tranche A Borrowings, and if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Revolving Commitments and Additional Incremental Term Borrowings as provided in this Section 2.11(b) and in Section 2.08(f). In such event, the Borrower shall, within three Business Days after such Net Proceeds are received, prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of 100% (or, in the case of any Prepayment Event referred to in clause (c) of the definition of Prepayment Event, if, on the date on which any prepayment would otherwise be made in respect of such Prepayment Event either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, 50%) of such Net Proceeds and the Prepayment Portion in respect of such Prepayment Event (such product, the "Prepayment Amount"); provided that, in the case of any event described in clause (a) or (c) of the definition of Prepayment Event, if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate) to invest in the Telecommunications Business of the Borrower and the other Restricted Subsidiaries within 360 days of the receipt thereof and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such period, at which time a prepayment shall be required in accordance with this paragraph (b).

(c) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, the Borrower shall prepay Term Borrowings, Incremental Tranche A Borrowings and, if provided for in the applicable Additional Incremental Facility Agreement, Additional Incremental Term Borrowings in an aggregate amount equal to the product of (i) 50% of Excess Cash Flow for such fiscal year and (ii) the Prepayment Portion in respect of such Excess Cash Flow (such product, the "Excess Cash Flow Prepayment Amount"); provided that if, on the date on which any prepayment would otherwise be made pursuant to this Section 2.11(c), either (i) the Facilities shall be rated not lower than BBB- by S&P and Baa3 by Moody's or (ii) the Total Leverage Ratio as of such date is less than 3.5 to 1.0, no such prepayment shall be required pursuant to this Section 2.11(c). Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(d) If, on any date, the aggregate Revolving Exposures of all Lenders exceeds the aggregate Revolving Commitments of all Lenders, or the aggregate principal amount of the Additional Incremental Revolving Loans of any Class of all Lenders exceeds the aggregate Additional Incremental Revolving Commitments of such Class of all Lenders, the Borrower shall immediately prepay Revolving Loans or Additional Incremental Revolving Loans of such Class, as the case may be (and, to the extent that any such excess remains after all Revolving Loans have been prepaid, deposit cash collateral with the Administrative Agent to secure outstanding LC Exposure), in an amount equal to such excess.

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(f); provided that each prepayment of Borrowings of any Class shall be applied to prepay ABR Borrowings of such Class before any other Borrowings of such Class.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments or any Additional Incremental Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent (i) in the case of Revolving Commitments and Term Commitments for the account of each Lender fees for each day during the period from and including the Effective Date to but excluding the date on which such Commitment terminates at a rate equal to the applicable Commitment Fee Rate for such day, (ii) in the case of Incremental Tranche A Commitments for the account of each Incremental Tranche A Lender fees for each

day during the period from and including the Amendment No. 5 Effective Date but excluding the Incremental Tranche A Commitment Termination Date at a rate equal to the applicable Commitment Fee Rate for such day and (iii) in the case of any Additional Incremental Facility Commitment, the rate set forth in the applicable Additional Incremental Facility Agreement for such day, in each case on the unused amount of each Commitment of such Lender on such day (collectively, the "COMMITMENT FEES"). Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the applicable Commitments terminate, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit for each day during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, which fee shall accrue at a rate equal to the Applicable Margin on Eurodollar Revolving Loans for such day on the amount of such Lender's LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) and (ii) to the applicable Issuing Bank a fronting fee in respect of Letters of Credit issued by such Issuing Bank for each day during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure in respect of Letters of Credit issued by such Issuing Bank, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the amount of the LC Exposure on such day (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of Letters of Credit issued by such Issuing Bank, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the

case of fees payable to it) for distribution, in the case of Commitment Fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus (i) in the case of any ABR Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility (including each Swingline Loan), the ABR Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any ABR Borrowing under any Additional Incremental Facility, the Applicable Margin for ABR Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus (i) in the case of any Eurodollar Borrowing under the Revolving Facility, the Term Facility or the Incremental Facility, the Eurodollar Spread and, if applicable to any loan (other than an Incremental Term Loan), the Leverage Premium (each as set forth in "Applicable Margin") and (ii) in the case of any Eurodollar Borrowing under any Additional Incremental Facility, the Applicable Margin for Eurodollar Borrowings set forth in the applicable Additional Incremental Facility Agreement.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any ABR Loan under the Revolving Facility, the Term Facility or the Incremental Facility, 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (ii) in the case of overdue principal of any Eurodollar Loan under the Revolving Facility, the Term Facility or the Incremental Facility, the higher of (x) 2% plus the highest Applicable Margin for Eurodollar Loans plus the Adjusted LIBO Rate applicable to such Eurodollar Loan on the day before payment was due and (y) the sum of 2% plus the highest Applicable Margin for ABR Loans plus the ABR, (iii) in the case of overdue principal of or overdue interest on any Additional Incremental Loan of any Class, the rate set forth in the applicable Additional Incremental Facility Agreement and (iv) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in Section 2.13(a).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to Section 2.13(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), Swingline Lender or Issuing Bank; or

(ii) impose on any Lender, Swingline Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost (other than Taxes) to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Swingline Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Swingline Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swingline Lender's or Issuing Bank's capital or on the capital of such Lender's, Swingline Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender or Swingline Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Swingline Lender's or Issuing Bank's policies and the policies of such Lender's, Swingline Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, Swingline Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or Issuing Bank or such Lender's, Swingline Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, Swingline Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, Swingline Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.15(a) or 2.15(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender, Swingline Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, Swingline Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender, Swingline Lender or Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender, Swingline Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's, Swingline Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender

setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 15 days after the date of receipt of a written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the first payment by the Borrower under this Agreement to such Foreign Lender or Participant and from time to time thereafter as prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Notwithstanding anything expressed or implied to the contrary in this Agreement or any other Loan Document (including any schedule or exhibit to any of the foregoing), this Section 2.17 (and Section 10.04 insofar as it relates to this Section 2.17) shall constitute the complete and exclusive understanding of the parties in respect of all matters relating to any Taxes (including interest thereon, additions thereto and penalties in connection therewith).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 1:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Dallas, Texas, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day (unless, in the case of payments in respect of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (other than Swingline Loans) or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans (other than Swingline Loans) and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including without limitation pursuant to Section 2.11) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank or Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or 2.05(e), 2.06(b), 2.18(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision

hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, (i) as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply or (ii) such Lender elects to withdraw its request.

SECTION 2.20. Additional Incremental Facilities and Commitments. (a) At any time prior to December 31, 2002, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may request, on one or more occasions, by notice to the Administrative Agent and the Incremental Facility Arrangers, that one or more Lenders (and/or one or more other Persons which shall become Lenders as provided in Section 2.20(d) below) provide one or more additional facilities (each, an "Additional Incremental Facility"), each of which shall provide for commitments (the "Additional Incremental Commitments") in an aggregate amount of not less than $100,000,000 and all of which Additional Incremental Facilities shall provide for Additional Incremental Commitments in an aggregate amount not in excess of $500,000,000; provided that no Lender shall have any obligation to provide any Additional Incremental Commitment and any Lender (or any other Person

which becomes a Lender pursuant to Section 2.20(d) below) may provide Additional Incremental Commitments without the consent of any other Lender.

(b) The maturity date, scheduled amortization and commitment reductions, mandatory prepayments and commitment reductions, interest rate, minimum borrowings and prepayments, commitment fees and other amounts payable in respect of any Additional Incremental Facility, and certain agent determinations, shall be as set forth in an agreement (an "Additional Incremental Facility Agreement") among the Loan Parties, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and the Lenders and other Persons agreeing to provide Additional Incremental Commitments thereunder; provided that any term Incremental Loans (the "Additional Incremental Term Loans") shall have a Weighted Average Life to Maturity of no less than the Weighted Average Life to Maturity of the Term Loans then outstanding and any revolving Incremental Commitment (the "Additional Incremental Revolving Commitments" and any loans made pursuant thereto, the "Additional Incremental Revolving Loans") shall have a Weighted Average Life to Maturity of not less than the Weighted Average Life to Maturity of the Revolving Commitments then outstanding.

(c) [Intentionally deleted]

(d) The effectiveness of any Additional Incremental Facility to be created under this Section 2.20, and the obligation of any Lender or other Person providing any Additional Incremental Commitment thereunder to make any Additional Incremental Loans pursuant thereto, is subject to, in addition to the conditions set forth in Article 4, the satisfaction of each of the following conditions: each Loan Party, the Administrative Agent, each Incremental Facility Arranger (but only if it is acting in the capacity of joint lead arranger with respect to such Additional Incremental Facility) and each Lender or other Person providing Additional Incremental Commitments thereunder (each, an "Additional Incremental Lender") shall have executed and delivered to the Administrative Agent an Additional Incremental Facility Agreement with respect to such Additional Incremental Facility, (x) the Administrative Agent shall have received, and (y) the Administrative Agent shall have received for the respective accounts of any other agents and the Additional Incremental Lenders, all fees and other amounts payable by the Borrower in respect of such Additional Incremental Facility on or prior to such date of effectiveness and the Administrative Agent (or its counsel) shall have received such documents and certificates, and such legal opinions, as the Administrative Agent and the Incremental Facility Arrangers or their counsel shall reasonably request, including documents, certificates and legal opinions relating to the organization, existence and good standing of each Loan Party, the authorization of such Additional Incremental Facility and other legal matters relating to the Loan Parties or the Loan Documents (including the applicable Additional Incremental Facility Agreement). The Administrative Agent shall notify each Lender as to the effectiveness of each Additional Incremental Facility hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.1. Organization; Powers. Each of Holdings and the Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents (if any), (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings or any Restricted Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon Holdings or any Restricted Subsidiary or any of their respective assets, or give rise to a right thereunder to require any payment to be made by Holdings or any Restricted Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any Restricted Subsidiary, except Liens created under the Loan Documents (if any).

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders Holdings' consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000, reported on by Ernst & Young LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Holdings has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2000 and projected pro forma statements of operations and cash flows for the fiscal year ended December 31, 2001, prepared giving effect to (x) the Transactions under the Incremental Facility and the Structured Note Financing and (y) the transactions described in clause (x) and, in addition, the sale of its Williams Communications Solutions business unit, as if such events had occurred on such date or on the first day of such fiscal year, as the case may be. Such projected pro forma consolidated balance sheets and statements of operations and cash flows (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry, (iii) accurately reflect all adjustments necessary to give effect to the Transactions under the Incremental Facility and the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit, and (iv) present fairly, in all material respects, the pro forma financial position of Holdings and

the Subsidiaries as of such date and for such periods as if the Transactions, the Structured Note Financing and, in the case of one such set of financial statements, the sale of its Williams Communications Solutions business unit had occurred on such date or at the beginning of such period, as the case may be.

(c) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of Holdings or any Restricted Subsidiary has, as of the Effective Date, any material contingent liabilities, unusual material long-term commitments or unrealized material losses.

(d) The projections delivered to the Lenders on the Amendment No. 5 Effective Date (the "Projections") were based on assumptions believed by the Borrower and Holdings in good faith to be reasonable when made and as of their date represented the Borrower's and Holdings' good faith estimate of future performance of Holdings and the Subsidiaries and of the Borrower and its consolidated subsidiaries.

(e) Since December 31, 2000, there has been no Material Adverse Change.

SECTION 3.5. Properties. (a) Each of Holdings and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties, if any), except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. None of the properties and assets of Holdings or any Restricted Subsidiary is subject to any Lien other than Permitted Encumbrances, Liens created by the Collateral Documents (if any) and other Liens permitted under Section 6.02.

(b) Each of Holdings and the Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by Holdings, the Borrower or any other Loan Party (other than the Parent) as of the Effective Date after giving effect to the Transactions.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or

other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any violations of any Environmental Law or any release, threatened release or exposure to any Hazardous Materials that is likely to form the basis of any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.7. Compliance with Laws and Agreements. Each of Holdings and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. Investment and Holding Company Status. Neither Holdings nor any Restricted Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. Taxes. Each of Holdings and the Subsidiaries has timely filed or caused to be filed (or the Parent has filed or caused to be filed) all Tax returns and reports required to have been filed and has paid or caused to be paid (or the Parent has paid or caused to be paid) all Taxes required to have been paid by or with respect to it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings or any Restricted Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth the name of, and the direct or indirect ownership interest of Holdings or the Borrower in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings and the Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid.

SECTION 3.14. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against Holdings or any Restricted Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. The hours worked by and payments made to employees of Holdings and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from Holdings or any Restricted Subsidiary, or for which any claim may be made against Holdings or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of Holdings or such Restricted Subsidiary. The consummation of the Transactions and the Reorganization has not and will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement by which Holdings or any Restricted Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which Holdings or any Restricted Subsidiary is a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation could reasonably be expected to have Material Adverse Effect.

SECTION 3.17. Representations in Loan Documents True and Correct. As of the dates when made and as of the Effective Date, each representation and warranty of Holdings or any Restricted Subsidiary party thereto contained in any Loan Document is true and correct.

ARTICLE 4

CONDITIONS

SECTION 4.1. Effective Date. [Intentionally deleted]

SECTION 4.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents (excluding Section 3.04(b)) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in Sections 4.02(a), 4.02(b) and 4.03.

SECTION 4.3. First Incremental Borrowing Date with Respect to the Incremental Facility. The obligation of each Incremental Lender to make a Loan on the occasion of the First Incremental Borrowing Date is subject to the satisfaction of the following conditions (in addition to the conditions set forth in Section 4.02):

(a) The Spin-Off shall have been consummated.

(b) The Initial Collateral Date shall have occurred (or shall occur on the date of such Borrowing) and, prior to the making of any Loan on the occasion of such Borrowing, Holdings and the Borrower shall have complied with all of the provisions of Section 5.11A.

(c) The First Incremental Borrowing Date shall be no later than the date that is 180 days after the date of Amendment No. 5 Effective Date.

(d) The Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, from the Financial Officer of each of Holdings and the Borrower, certifying as to compliance of the matters specified in Sections 4.03(a) and 4.03(b).

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. Holdings and the Borrower will furnish to the Administrative Agent and each Lender:

(a) (i) within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that

such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, (ii) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheets and related audited consolidated statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year (including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement), setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (iii) within 90 days after the end of each fiscal year of Holdings and the Borrower, (x) supplemental unaudited balance sheets and related unaudited statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in tabular form in each case the figures for the previous year, for the Borrower and Holdings and the consolidating adjustments with respect thereto and (y) segment reporting of EBITDA and Adjusted EBITDA with respect to each business segment of Holdings and the Subsidiaries and the Borrower and its consolidated subsidiaries consistent with the business segments reported on in the Notes Offering Registration Statement;

(b)(i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, unaudited consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations, stockholders' equity and cash flows of Holdings and the Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or in the case of the balance sheet, as of the end of the previous fiscal year) (including segment reporting with respect to each of Holdings' and the Subsidiaries' business segments consistent with that provided in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of Holdings as presenting fairly in all material respects the financial condition and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited consolidated balance sheets and related statements of operations, stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year (or, in the case of the balance sheet, as of the end of the previous fiscal year)

(including segment reporting with respect to each of the Borrower's and its consolidated subsidiaries' business segments consistent with that provided with respect to the Borrower's and its consolidated subsidiaries' business segments in the Notes Offering Registration Statement and also including segment reporting of EBITDA and Adjusted EBITDA), all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Section 5.01(a) or 5.01(b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating (x) compliance with Section 6.08 and Sections 6.15 through 6.19, including, if applicable, calculations showing capital contributions made by the Parent pursuant to Section 6.20 and the resulting effects on the Borrower's compliance with Section 6.08 and Sections 6.15 through 6.19 and (y) Additional Capital at such date, including detail as to the sources and uses of Additional Capital since June 30, 1999 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause 5.01(a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable after approval by the Board of Directors of the Parent and in any event not later than 120 days after the commencement of each fiscal year of the Borrower, a consolidated and consolidating budget of Holdings for such fiscal year and a consolidated budget of the Borrower for such fiscal year (including projected consolidated (and, in the case of Holdings, consolidating) balance sheets, related consolidated (and, in the case of Holdings, consolidating) statements of projected operations and cash flow as of the end of and for such fiscal year and segment information with respect to each of Holdings' and the Subsidiaries' and the Borrower's and its consolidated subsidiaries' business segments consistent with the categories of information provided with respect to Holdings' and the Subsidiaries' business segments in the Notes Offering Registration Statement, together with projected EBITDA and Adjusted EBITDA for such segments) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any

Restricted Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of the Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be, except to the extent any such report, proxy statement or other material is available electronically on a publicly-accessible website; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. Upon knowledge thereof, Holdings or the Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, (i) continue to engage in business of the same general type as now conducted and (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.4. Payment of Obligations. Each of Holdings and the Borrower (i) will, and will cause each other Restricted Subsidiary to, pay its Indebtedness and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such other Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect and (ii) shall not breach, or permit any other Restricted Subsidiary to breach, in any material respect, or permit to exist any material default under, the terms of any material lease, commitment, contract, instrument or obligation to which it is a party, or by

which its properties or assets are bound, except where the failure to do the foregoing would not in the aggregate have a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.6. Insurance. Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.7. Casualty and Condemnation. The Borrower will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any of Holdings' and the Restricted Subsidiaries' property or assets or the commencement of any action or proceeding for the taking of any of Holdings' and the Restricted Subsidiaries' property or assets or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding (in each case with a value in excess of $10,000,000) and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are applied, to the extent such Net Proceeds have not been utilized to repair, restore or replace such property or assets or to acquire other Telecommunications Assets within 360 days after such event, to prepay Loans and reduce Commitments as provided in Sections 2.11(b) and 2.08(f), respectively.

SECTION 5.8. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, keep proper books of record and account in which materially full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender at the expense of the Administrative Agent or Lender, as the case may be, or, if an Event of Default shall have occurred and be continuing, at the expense of the Borrower, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12.

SECTION 5.9. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each other Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate action and such failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit. (a) The proceeds of Loans will be used (i) for working capital requirements and general corporate purposes of the Borrower and the other Restricted Subsidiaries and (ii) to pay the fees and expenses associated with the Facilities.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11A. Initial Collateral Date. On the Initial Collateral Date, Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to:

(a) Deliver to the Administrative Agent duly executed counterparts of the Security Agreement, together with the following:

(i) duly executed counterparts of each supplemental agreement required to be executed and delivered by the terms of the Security Agreement (including, without limitation, any Patent Security Agreement, and Trademark Security Agreement and any Control Agreement, in each case as defined in the Security Agreement);

(ii) stock certificates representing any or all of the outstanding shares of capital stock or other Equity Interests of the Borrower and each Restricted Subsidiary and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(iii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(iv) a completed perfection certificate dated the Initial Collateral Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) Deliver to the Administrative Agent a favorable written opinion (addressed to the Agents, the Issuing Banks, the Swingline Lenders and the Lenders and dated the Initial Collateral Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent and the Incremental Facility Arrangers, (ii) the general counsel of Holdings and (iii) local counsel in the jurisdictions where the Borrower is incorporated and where its chief executive office is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

SECTION 5.11B. Collateral Event. If a Collateral Event shall have occurred and be continuing, the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may by written notice to the Borrower (a "Collateral Notice"), request, and Holdings and the Borrower hereby agree that they will, and will cause each other Restricted Subsidiary to, within 30 days of the Borrowers' receipt of such Collateral Notice (such thirtieth day, a "Collateral Establishment Date"):

(a) Subject to subsection (d) of this Section 5.11B, deliver to the Administrative Agent duly executed counterparts of the Security Agreement (to the extent not previously delivered pursuant to Section 5.11A) and each other Collateral Document reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, in form and substance satisfactory to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, signed on behalf of Holdings, the Borrower and each Subsidiary Loan Party requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, together with (to the extent not previously delivered pursuant to Section 5.11A) such of the following as shall have been so requested:

(i) stock certificates representing any or all of the outstanding shares of capital stock of the Borrower and each other Subsidiary of Holdings owned by or on behalf of any Loan Party as of such Collateral Establishment Date (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66% of the outstanding shares of common stock of such Foreign Subsidiary) and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates;

(ii) any or all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents; and

(iii) a completed perfection certificate dated such Collateral Establishment Date, in form and substance reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by such perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent and the Incremental Facility Arrangers that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(b) If requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, on or before the thirtieth day following any Collateral Establishment Date or such later day as shall be acceptable to the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders (a "Mortgage Establishment Date"), Holdings and the Borrower shall, and shall cause each other Restricted Subsidiary to, deliver to the Administrative Agent (i) counterparts of a Mortgage with respect to each Mortgaged Property as to which such request is made, in each case signed on behalf of the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company, insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Collateral Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, and (iii) such surveys, abstracts and appraisals as may be required pursuant to such Mortgages or as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request.

(c) On or before any Collateral Establishment Date or Mortgage Establishment Date, Holdings and the Borrower shall deliver a favorable written opinion (addressed to the Agents, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and the Lenders and dated on or prior to such Collateral Establishment Date or Mortgage Establishment Date) of each of (i) counsel for Holdings, the Borrower and each Subsidiary Loan Party reasonably acceptable to the Administrative Agent, (ii) the general counsel of Holdings and (iii) local counsel in each jurisdiction where any Collateral or Mortgaged Property is located and, in the case of each such opinion required by this paragraph, covering such matters relating to the Loan Parties, the Loan Documents, the Collateral and the Transactions as the Administrative Agent (or its counsel), the Incremental Facility Arrangers (or its counsel) or the Required Lenders shall reasonably request.

(d) Anything in this Agreement to the contrary notwithstanding, the Liens created under any Collateral Document may also secure, to the extent, but only to the extent, required under the indentures and other documents governing such Indebtedness (without taking into account any general exceptions to any such requirements contained in any such indentures and other documents), equally and ratably with some or all of the Obligations, the obligations of the Parent and Holdings under any public Indebtedness of either of them that, by its terms, requires that such Indebtedness be equally and ratably secured by such Liens.

(e) None of the Borrower, Holdings or any Restricted Subsidiary of Holdings shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.11B, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in

clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.12. Information Regarding Collateral. (a) (i) The Borrower will furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral; and (iii) Holdings and the Borrower will, and will cause each other Restricted Subsidiary to, promptly notify the Administrative Agent if any material portion of the Collateral owned by it is damaged or destroyed.

(b) At the time of the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a), the Borrower shall also deliver to the Administrative Agent a certificate of a Financial Officer or the chief legal officer of the Borrower (i) setting forth the information required pursuant to the perfection certificate or confirming that there has been no change in such information since the date of the perfection certificate most recently delivered or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to Section 5.12 to the extent necessary to protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.13. Additional Subsidiaries. (a) If any additional Subsidiary is formed or acquired, Holdings and the Borrower will notify the Administrative Agent and the Lenders thereof and if such Subsidiary is a Subsidiary Loan Party, (i) cause such Subsidiary, within ten Business Days after such Subsidiary Loan Party is formed or acquired, to become a party to the Subsidiary Guarantee as an additional guarantor thereunder and to the Security Agreement as a "Lien Grantor" thereunder, (ii) deliver all stock certificates representing the capital stock or other Equity Interests of such Subsidiary to the Administrative Agent, together with stock powers and instruments of transfer, endorsed in blank, with respect to such certificates and (iii) take all actions required under the Security Agreement to perfect, register and/or record the Liens granted by it thereunder and the Lien on such capital stock or other Equity Interests or as may be reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders.

(b) If a Collateral Establishment Date has occurred and any Collateral Event is then continuing, such Subsidiary is a Subsidiary Loan Party and the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders so request in writing, Holdings and the Borrower shall (i) within 30 days after such Subsidiary is formed or acquired, cause such Subsidiary to become a party to such Collateral Documents (in

addition to the Security Agreement) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall request and promptly take such actions as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request to create and perfect Liens on such of such Subsidiary's assets (in accordance with the standards set forth in Section 5.11B(a)) as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request to secure its obligations under the Subsidiary Guarantee, and (ii) within 60 days after such Subsidiary is formed or acquired, cause such Subsidiary to enter into such Mortgage or Mortgages as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall so request with respect to any or all material real property owned by such Subsidiary to secure some or all of its obligations under the Subsidiary Guarantee and to take such actions (including, without limitation, actions of the type referred to in Section 5.11B(a)) with respect thereto as the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders shall reasonably request.

(c) None of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.13, a Lien on any of the following assets: (i) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (ii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iii) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (ii) or (iii), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.14. Further Assurances. (a) On any date each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents required to be in effect on such date or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents required to be in effect on such date.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by Holdings, the Borrower or any Subsidiary Loan Party (other than assets constituting Collateral under any Collateral Document that become subject to the Lien of such Collateral Document automatically upon the acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof, and, if requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, Holdings and the Borrower will, or will cause the applicable Restricted Subsidiary to, cause such assets to be subjected to a Lien securing some or all of the Obligations, as requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders, and will take, and cause such Subsidiary Loan Parties

to take, such actions as shall be necessary or reasonably requested by the Administrative Agent, the Incremental Facility Arrangers or the Required Lenders to grant and perfect such Liens, including actions described in Section 5.11B, all at the expense of the Loan Parties; provided that, none of the Borrower, Holdings or any Subsidiary Loan Party shall be required to grant to the Administrative Agent or any Lender, pursuant to the provisions of this Section 5.14, a Lien on any of the following assets: (i) at any time prior to any Collateral Establishment Date, any assets of a type other than a type constituting "Collateral" under the form of Security Agreement set forth on Exhibit K hereto as in effect on the Amendment No. 4 Effective Date, (ii) voting Equity Interests of any Foreign Subsidiary representing in excess of 66% of the outstanding voting Equity Interests of such Foreign Subsidiary, (iii) any ADP Property to the extent such ADP Property secures any ADP Obligation and (iv) any other asset subject to a security interest permitted by clauses (iv), (v), (viii), or (ix) of Section 6.02 but only, in the case of any asset described in clauses (iii) or (iv), to the extent the granting of such Lien is prohibited by the terms of the agreement pursuant to which such security interest has been granted.

SECTION 5.15. Concentration Accounts. At all times after any Collateral Establishment Date and before a Collateral Release Date, Holdings and the Borrower will maintain Holdings' and each Restricted Subsidiary's principal concentration account with one or more Lenders.

SECTION 5.16. [Intentionally deleted]

SECTION 5.17. Sale of Solutions and ATL(a) Not later than September 30, 2001, Holdings and the Borrower shall have sold, or caused to be sold, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions (x) its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date (except for the portion of such unit described in clause (b) below) and (y) all of the capital stock of ATL held by the Borrower, Holdings or any of its Subsidiaries for fair market value and for Net Proceeds in cash in an aggregate amount of at least $700,000,000.

(b) Not later than December 31, 2001, Holdings and the Borrower shall have sold or otherwise disposed of, or caused to be sold or otherwise disposed of, to one or more Persons that are not Affiliates of Holdings or any of its Subsidiaries, in one or more transactions, substantially all of the Canadian assets of its Williams Communications Solutions business unit in existence on the Amendment No. 4 Effective Date.

SECTION 5.18. Qualifying Issuances. Not later than December 31, 2001, the Borrower and/or Holdings shall have consummated Qualifying Issuances for Net Proceeds in cash in an aggregate amount of at least $500,000,000; provided that Net Proceeds in cash in an aggregate amount of not more than $350,000,000 shall have resulted from Qualifying Issuances described in clause (ii) or (iii) of the definition thereof.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated

and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.1. Indebtedness; Certain Equity Securities. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Holdings under Qualifying Holdings Debt;

(c) Indebtedness of Holdings under the High Yield Notes and refinancings thereof, provided that any Indebtedness issued in any such refinancing shall be on terms no less favorable to Holdings and its Restricted Subsidiaries than the High Yield Notes, shall be in an aggregate principal amount no greater than the High Yield Notes refinanced and shall not require any payment of principal thereof (upon maturity or by mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is one year after the Term Maturity Date;

(d) ADP Outstandings in an aggregate amount not to exceed $750,000,000 at any time outstanding;

(e) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decrease the Weighted Average Life to Maturity thereof;

(f) Indebtedness of Holdings to any Subsidiary and of any Restricted Subsidiary to any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04;

(g) Guarantees by Holdings of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by Holdings, the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(h) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into a Restricted Subsidiary after the date hereof (provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary) and extensions, renewals or replacements of any such Indebtedness that do not increase the principal amount thereof or result in an earlier maturity date or decreased Weighted Average Life to Maturity thereof;

(i) Indebtedness in respect of performance, surety or appeal bonds and Guarantees incurred or provided in the ordinary course of business securing the performance of contractual, franchise, lease, self-insurance or license obligations and not in connection with an incurrence of Indebtedness;

(j) Indebtedness in respect of customary agreements providing for indemnification, purchase price adjustments after closing or similar obligations in connection with the disposition of any assets (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition); provided that (i) any such disposition is permitted by Section 6.05, (ii) the aggregate principal amount of such Indebtedness does not exceed the gross proceeds actually received by Holdings or any Restricted Subsidiary in connection with such disposition and (iii) to the extent the gross proceeds thereof constitute Net Proceeds hereunder, such Net Proceeds are applied in accordance with Sections 2.08(f) and 2.11(b);

(k) Indebtedness of Holdings and the Restricted Subsidiaries pursuant to Hedging Agreements entered into with Lenders or their affiliates in the ordinary course of business and not for speculative purposes;

(l) [Intentionally deleted];

(m) [Intentionally deleted];

(n) [Intentionally deleted];

(o) other Indebtedness of Holdings or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, not exceeding 15% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time;

(p) Indebtedness of the Borrower consisting of Qualifying Borrower Indebtedness;

(q) Permitted Specified Security Hedging Transactions;

(r) Indebtedness of Holdings or the Borrower incurred pursuant to a Qualifying Issuance; provided that the aggregate Net Proceeds in cash received by Holdings and/or the Borrower from the issuance of such Indebtedness, plus the Net Proceeds in cash from any Sale and Leaseback Transaction constituting a Qualifying Issuance shall not exceed $350,000,000;

(s) Indebtedness with respect to industrial revenue bonds issued for the benefit of the Borrower, Holdings or any Restricted Subsidiary in an aggregate principal or face amount not to exceed $50,000,000;

(t) unsecured Indebtedness of Holdings in an aggregate principal amount not to exceed $100,000,000 incurred prior to the consummation of the Structured Note Financing so long as (i) the proceeds of such Indebtedness are used solely to make the capital contributions described in Section 6.04(u) and (ii) the terms and conditions of any such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof;

(u) unsecured Indebtedness of Holdings owed to the Structured Note Trust in an aggregate principal amount up to $1,500,000,000 in connection with the consummation of the Structured Note Financing, so long as the terms and conditions of such Indebtedness shall have been approved by all the Incremental Facility Arrangers (if any) and the Administrative Agent prior to the issuance thereof; and

(v) on any date on or after the Leverage Target Date, Indebtedness of the Borrower owing to a Receivables Subsidiary under a Permitted Receivables Financing;

provided that, notwithstanding anything in this Agreement to the contrary, the Borrower and the other Restricted Subsidiaries may not Guarantee any Indebtedness of Holdings under (i) the High Yield Notes or (ii) any Qualifying Holdings Debt.

SECTION 6.2. Liens. (a) Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents (including, without limitation, Liens securing Indebtedness of Holdings and the Parent created thereunder in accordance with Section 5.11B(d));

(ii) Permitted Encumbrances;

(iii) Liens on any ADP Property securing only ADP Obligations;

(iv) any Lien on any property or asset of Holdings or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of Holdings or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(v) any Lien existing on any property or asset prior to the acquisition thereof by Holdings or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of Holdings or any Restricted Subsidiary and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof or decrease the Weighted Average Life to Maturity thereof;

(vi) Liens in favor of the Borrower or any Subsidiary Loan Party;

(vii) Liens on property of Holdings or any Restricted Subsidiary consisting of, or securing, licenses of such property;

(viii) Liens of a Specified Security securing Permitted Specified Security Hedging Transactions with respect to such Specified Security;

(ix) on any date on or after the Leverage Target Date, Liens created in connection with Permitted Receivables Financings, including, without limitation, Liens on proceeds in any form and bank accounts in which any such proceeds are deposited; provided that, except for the assets transferred pursuant to Permitted Receivables Dispositions made in connection with such Permitted Receivables Financings, no such Lien may extend to any assets of Borrower or any Subsidiary of the Borrower that is not a Receivables Subsidiary; and

(x) other Liens securing Indebtedness at any time outstanding that, together with the aggregate amount of Attributable Debt in respect of all Sale and Leaseback Transactions then outstanding, does not exceed 5% of the consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time.

(b) Notwithstanding anything to the contrary contained herein, Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any of its assets to secure (i) except in accordance with Section 5.11B(d), any obligations in respect of the High Yield Notes or any refinancing thereof, permitted under Section 6.01(c), or (ii) except in accordance with Section 5.11B(d), any Qualifying Holdings Debt.

SECTION 6.3. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any other Restricted Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than (i) the ownership of all of the outstanding Equity Interests in the Borrower, (ii) the issuance of the High Yield Notes, (iii) issuances of Qualifying Holdings Debt, (iv) issuances of its Equity Interests, (v) the holding of 100% of the Equity Interests of any Unrestricted Subsidiary which is engaged exclusively in the buying, selling and trading of telecommunications services as a commodity on a developing or an established market (a "Trading Subsidiary") and (vi) the holding of Qualifying Borrower Indebtedness permitted under Section 6.01(q) and, with respect to each of the foregoing, activities incidental thereto. Holdings will not own or acquire any assets (other than Qualifying Equity Interests in the Borrower, Qualifying Borrower Indebtedness, Equity Interests in any Trading Subsidiary, cash and Cash Equivalent Investments) or incur any liabilities (other than liabilities under the Loan Documents, liabilities in respect of the High Yield Notes, liabilities in respect of Qualified Holdings Debt permitted hereunder, liabilities in respect of the Structured Note Financing, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

SECTION 6.4. Investments, Loans, Advances, Guarantees and Acquisitions. Holdings will not, and will not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Cash Equivalent Investments;

(b) Investments existing on the date hereof and set forth on Schedule 6.04;

(c) Investments by Holdings and the Restricted Subsidiaries in Equity Interests in Subsidiaries; provided that, (i) the aggregate amount of Investments by Loan Parties in, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (including, without limitation, any Deemed Subsidiary Investment pursuant to Section 6.14) shall be subject to the proviso to this Section 6.04 and (ii) all Equity Interests acquired or held by Holdings pursuant to this Section 6.04(c) shall be Qualifying Equity Interests in the Borrower or Equity Interests in a Trading Subsidiary;

(d) loans or advances made by Holdings to any Restricted Subsidiary and made by any Restricted Subsidiary to any other Restricted Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the proviso to this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that (i) no Restricted Subsidiary shall Guarantee any High Yield Notes, any Indebtedness of Holdings or the Borrower constituting a Qualifying Issuance or Qualifying Holdings Debt and (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not

Loan Parties that is Guaranteed by any Loan Party shall be subject to the proviso to this Section 6.04;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) acquisitions by the Borrower of ADP Property for consideration paid on and prior to any date not exceeding Additional Capital as of such date; minus (i) Investments permitted under clause (ii) of the proviso to this Section 6.04 made on or prior to such date and (iii) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date;

(h) Hedging Agreements permitted under Section 6.01(k);

(i) Capital Expenditures made in accordance with Section 6.08;

(j) subject to the proviso to this Section 6.04, Investments in the Telecommunications Business;

(k) subject to the proviso to this Section 6.04, Investments in Existing International Joint Ventures; provided that the acquisition by Holdings or any Restricted Subsidiary of any equity interest in Algar Telecom S.A. (formerly known as Lightel S.A.) owned by the Parent or its subsidiaries (other than Holdings and the Subsidiaries) shall not be permitted under this clause (k) but shall only be permitted under clause (p) of this Section 6.04;

(l) exchanges and substitutions of ADP Property for like property which take place prior to the occurrence of the Completion Date, the Expiration Date, the Termination Date, or an ADP Event of Default, Environmental Trigger or Unwind Event under the Operative Documents;

(m) any Investment by a Restricted Subsidiary in any Person engaged in the Telecommunication Business if such Investment is made in connection with an agreement by such Person to utilize certain of the Borrower's or the Subsidiary Loan Parties' Telecommunications Business, provided that, at any date, (i) the aggregate amount of Investments made in all such Persons at any time outstanding pursuant to this paragraph (m) (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of such Person, but net of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment) shall not exceed 15% of Consolidated Assets at such time and (ii) the aggregate amount of such Investments made in all such Persons with cash or Cash Equivalent Investments that are at any time outstanding pursuant to this paragraph (m) shall not exceed 5% of Consolidated Assets;

(n) (i) loans to directors, officers and employees of Holdings or any Restricted Subsidiary all of the proceeds of which are used (A) to pay relocation expenses of any such director, officer or employee or (B) to purchase Equity Interests in Holdings pursuant to and in accordance with stock option plans or other benefit plans for directors, officers and employees of Holdings and its Restricted Subsidiaries, provided that, in the case of any of the Loans referred to in this subclause (B), any proceeds to Holdings of any such purchases of Equity Interests shall be contributed to the Borrower and (ii) other loans to directors, officers and employees of Holdings and its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(o) trade accounts receivable for goods sold or services provided arising in the ordinary course of business and on customary payment terms (not to exceed 120 days after the date such receivables are accrued in accordance with GAAP);

(p) Investments for which the consideration paid by Holdings and its Restricted Subsidiaries consists exclusively of Qualifying Equity Interests in Holdings;

(q) Investments made in any Person (a "REINVESTMENT PERSON") in whom the Borrower or any of its Subsidiaries has, or at any time after the Closing Date had, an Investment permitted under clause (b), (f) or (p) above or this clause (q) (an "ORIGINAL INVESTMENT"); provided that the aggregate amount of Investments in any Reinvestment Person permitted under this clause (q) may not exceed the aggregate amount of the cash proceeds received, within 270 days prior to the making of such Investment, by the Borrower and its Subsidiaries from sales or other dispositions of, or distributions with respect to Original Investments in such Reinvestment Person;

(r) Permitted Specified Security Hedging Transactions; and

(s) Investments in Persons that become Subsidiary Loan Parties if such Persons, prior to such Investments, were engaged principally in the transmission of voice, video or data through or over owned or leased fiber optic cable and/or the holding, developing or constructing of assets or technology used therein;

(t) Letters of Credit to support obligations of a Trading Subsidiary incurred in the ordinary course of business; and

(u) capital contributions made by Holdings to the Borrower and by the Borrower to the Structured Note Trust, in each case in an aggregate principal amount not to exceed $100,000,000 and in order to consummate the Structured Note Financing;

(v) Investments in Receivables Subsidiaries made in connection with Permitted Receivables Financings;

provided that the aggregate amount of all Investments (valued at the cost of acquisition thereof, without regard to any increase or decrease in the value thereof based on subsequent performance of the Person in

which such Investment is held), but net, in case of each such Investment (but not below zero), of any distributions received by the Borrower or any Subsidiary Loan Party in respect of such Investment and any proceeds received upon any disposition (other than a disposition to Holdings or any of its Subsidiaries or the Parent or any of its Subsidiaries) of such Investment, made pursuant to Sections 6.04(j) and 6.04(k) on or prior to any date, or referred to in Section 6.04(c)(i), the proviso to Section 6.04(d) and Section 6.04(e)(ii) and made on or prior to such date, shall not exceed the sum of an amount (which amount, for purposes of this proviso only, shall not be less than zero) equal to (x) the amount of Additional Capital as of such date minus (y) (A) acquisitions of ADP Property permitted under Section 6.04(g) made on or prior to such date and (B) Capital Expenditures permitted under Section 6.08(b) made on or prior to such date.

SECTION 6.5. Asset Sales. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interests owned by it, nor will Holdings permit any of its Restricted Subsidiaries to issue any additional Equity Interests, except:

(a) sales, transfers, leases or other dispositions of fiber optic cable capacity, sales of inventory, and sales of used or surplus equipment and Cash Equivalent Investments, in each case in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) issuances to the Borrower or any other Restricted Subsidiary of Equity Interests in any Restricted Subsidiary other than the Borrower;

(d) issuances to Holdings by the Borrower of Qualifying Equity Interests in the Borrower;

(e) Permitted Telecommunications Asset Dispositions;

(f) sales, transfers and dispositions of assets to the extent constituting Investments permitted under Section 6.04;

(g) Restricted Payments permitted under Section 6.07(a) and payments of principal and interest permitted under Section 6.07(b);

(h) the sale, transfer or other dispositions required by Section 5.17 or 5.18;

(i) any transfer of Receivables and Related Transferred Rights (each as defined in the Security Agreement attached hereto as Exhibit K) in order to consummate a Permitted Receivables Transaction or to transfer such assets pursuant to a factoring arrangement; and

(j) sales, transfers and dispositions of assets (other than Telecommunications Assets) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in

reliance upon this Section 6.05(j) shall not exceed $25,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under Sections 6.05(e) and 6.05(j) shall be made (x) for fair value and (y) only if at least 75% of the consideration paid therefor is cash or Cash Equivalent Investments (or, if less than 75%, the remainder of such consideration consists of Telecommunications Assets).

SECTION 6.6. Sale and Leaseback Transactions. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall (a) sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred or (b) lease any property, real or personal, from any entity substantially all of whose activities consist of acquiring, constructing or developing property to be leased to Holdings and the Restricted Subsidiaries pursuant to leases intended to cover, and measured by the cost of or the financing incurred by such entity to finance, such property (the transactions referred to in clause (a) and (b) being collectively referred to as "Sale and Leaseback Transactions"), except for (i) sales and leases of ADP Property pursuant to the ADP in respect of ADP Outstandings not to exceed $750,000,000 at any time outstanding and (ii) (x) any such sale referred to in clause (a) above of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 270 days after the Borrower or such other Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (y) any such lease referred to in clause (b) above providing for rental payments measured by the cost of the property leased or the financing incurred by the lessor thereof to acquire, construct or develop the property so leased; provided that the sum of the aggregate amount of Attributable Debt in respect of all such Sale and Leaseback Transactions permitted under this clause (ii) at any time outstanding (other than any such Attributable Debt with respect to any Sale and Leaseback Transaction constituting a Qualifying Issuance) and the aggregate amount of Indebtedness secured by Liens permitted by Section 6.02(a)(viii) at such time outstanding shall not exceed 5% of consolidated net property, plant and equipment of Holdings and the Restricted Subsidiaries at such time. For purposes of determining compliance with the proviso set forth in the immediately preceding sentence, Capital Lease Obligations shall not in any event be included in the calculation of "Attributable Debt."

SECTION 6.7. Restricted Payments; Certain Payments of Indebtedness. (a) Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or enter into any transaction the economic effect of which is substantially similar to any Restricted Payment, except (i) Holdings and the Borrower may declare and pay dividends with respect to their capital stock payable solely in additional shares of their respective common stock, (ii) Restricted Subsidiaries (other than the Borrower) may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $3,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Holdings and the Restricted Subsidiaries; (iv) so long as no Default shall have occurred and be continuing or result from the making of such payment, the Borrower may pay dividends to Holdings at such times and in such amounts as shall be necessary to permit Holdings to discharge, to the extent permitted hereunder, its permitted liabilities; (v) on and after the Leverage Target Date, Holdings may declare and pay dividends in cash with respect to its convertible preferred stock outstanding as of the Amendment No. 4 Effective Date in an amount not exceeding $40,000,000 in any fiscal year and the Borrower may declare and pay dividends to Holdings to permit Holdings to declare and pay such dividends and (vi) at any time after the consummation of the Structured Note Financing, the Borrower may declare and pay a dividend to Holdings so long as (x) the aggregate amount of such dividend shall not exceed the principal amount of the Structured Note Bridge Indebtedness outstanding at the time such dividend is paid plus accrued interest thereon, (y) no Default has occurred and is continuing or would result therefrom and (z) immediately upon receipt thereof, Holdings shall apply all of the proceeds of such dividend to repay in full the Structured Note Bridge Indebtedness then outstanding.

(b) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, make, directly or indirectly, any voluntary payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any High Yield Notes, any Qualifying Holdings Debt or any Qualifying Borrower Indebtedness (collectively "Specified Indebtedness"), or any voluntary payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Specified Indebtedness (or enter into any transaction the economic effect of which is substantially similar to any of the foregoing), except, provided no Default has occurred and is continuing or would result therefrom, payments of regularly scheduled interest as and when due in respect of any Specified Indebtedness other than Qualifying Borrower Indebtedness.

SECTION 6.8. Limitation on Capital Expenditures. (a) Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) for any fiscal year set forth below shall not exceed the amount set forth below opposite such fiscal year:

FISCAL YEAR	AMOUNT
2001	$2,750,000,000
2002	$2,500,000,000
2003	$2,250,000,000
2004	$2,250,000,000
2005	$2,250,000,000
2006 and each fiscal year thereafter	$2,800,000,000

provided that if the aggregate amount of Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) actually made in any such period or fiscal year shall be less than the limit with respect thereto set forth above (before giving effect to any increase therein pursuant to this proviso) (the "Base Amount"), then an amount equal to 50% of such shortfall may be added to the amount of such Capital Expenditures permitted for the immediately succeeding fiscal year (such amount to be added for any fiscal year, the "Rollover Amount"); provided further that any Capital Expenditures (other than Capital Expenditures permitted under Section 6.08(b) below) made during any fiscal year for which any Rollover Amount shall have been so added shall be applied, first, to the Rollover Amount added for such fiscal year and, second, to the Base Amount for such fiscal year.

(b) In addition to Capital Expenditures permitted under Section 6.08(a) above, Holdings and the Restricted Subsidiaries may make (i) Capital Expenditures consisting of acquisitions of ADP Property permitted under Section 6.04(g) or 6.04(l) and (ii) Capital Expenditures on any date after the Amendment No. 4 Effective Date in an aggregate amount not to exceed Additional Capital as of such date minus (A) Investments permitted under clause (ii) of the proviso to Section 6.04 made on or prior to such date and (B) purchases of ADP Property permitted under Section 6.04(g) made on or prior to such date.

SECTION 6.9. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their respective Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to Holdings, the Borrower or such other Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.07 and (d) transactions required to be effected pursuant to, and on terms provided for in, existing agreements (as in effect on the date hereof) listed in Schedule 6.09 hereto.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any other Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any

agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, the High Yield Notes or, to the extent that any such restrictions therein, taken as a whole, are no more restrictive than those contained in the High Yield Notes, any Qualifying Holdings Debt, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.10(a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) Section 6.10(a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Fiscal Year. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, change its fiscal year from a fiscal year ending December 31.

SECTION 6.12. Change in Business. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, engage in any material line of business other than the Telecommunications Business.

SECTION 6.13. Amendment of Material Documents. Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to, without the prior written consent of the Required Lenders, consent to any amendment, modification or waiver of (a) its certificate of incorporation, by-laws or other organizational documents (except for the filing of a Certificate of Designation with the Secretary of State of Delaware relating to the issuance of preferred securities that are Qualifying Equity Interests of such Person, to the extent provided for in its certificate of incorporation, by-laws or other organizational documents), (b) the Other Financing Documents, (c) any agreements governing any Qualifying Holdings Debt, (d) the Parent Indemnity or (e) the Operative Documents, in each of the foregoing cases if such amendment, modification of waiver could reasonably be expected to have (i) an adverse effect on the ability of any Loan Party to perform any of its obligations under any Loan Document or the rights of, or benefits available to, the Lenders under any Loan Document or (ii) a Material Adverse Effect.

SECTION 6.14. Designation of Unrestricted Subsidiaries. Holdings and the Borrower will not designate any Restricted Subsidiary (other than a newly created Subsidiary in which no Investment has previously been made) as an Unrestricted Subsidiary (a "Subsidiary Designation") unless:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Subsidiary Designation;

(ii) after giving effect to such Subsidiary Designation, Holdings would be in compliance with the covenants contained in Section 6.08 and Sections 6.15 through 6.19 on a pro forma basis as if such Subsidiary Designation had been made on the first day of the period of four fiscal quarters most recently ended in respect of which financial statements have been delivered by the Company pursuant to Section 5.01(a) or 5.01(b);

(iii) Holdings has delivered to the Administrative Agent (x) written notice of such Subsidiary Designation and (y) a certificate of a Financial Officer

setting forth in reasonable detail calculations demonstrating pro forma compliance with the financial covenants contained in Section 6.08 and Sections 6.15 through 6.19, as required by clause (ii) above; and

(iv) on the date of such Subsidiary Designation, Holdings and the Borrower would not be prohibited by Section 6.04(c) and the proviso to Section 6.04 from making an Investment (a "Deemed Subsidiary Investment") in an aggregate amount equal to the fair market value (valued at the date of such Subsidiary Designation) of (x) the net assets of such Restricted Subsidiary or (y) if less than 100% of the Equity Interests in such Restricted Subsidiary are held by Holdings and its Restricted Subsidiaries, in an aggregate amount equal to the percentage interest of Holdings and the Restricted Subsidiaries in such net assets.

Holdings and the Borrower will not, and will not permit any other Restricted Subsidiary to (x) Guarantee any Indebtedness of any Unrestricted Subsidiary, (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any other Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause such Indebtedness or the payment thereof to be accelerated, payable or subject to repurchase prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Indebtedness that is Indebtedness of an Unrestricted Subsidiary, except in the case of clause (x) or (y) to the extent permitted under Section 6.01 and Section 6.04 hereof. In no event may the Borrower be designated as an Unrestricted Subsidiary.

SECTION 6.15. Total Net Debt to Contributed Capital Ratio. The Total Net Debt to Contributed Capital Ratio shall at no time prior to January 1, 2002 exceed .65 to 1.00.

SECTION 6.16. Minimum EBITDA. The amount equal to (i) EBITDA for the period of four fiscal quarters ending during any period set forth below plus (ii) ADP Interest Expense for such period minus (iii) gains for such period attributable to Dark Fiber and Capacity Dispositions plus (iv) Dark Fiber and Capacity Proceeds for such period shall not be less than the amount set forth below opposite such period:

PERIOD	AMOUNT
January 1, 2001-March 31, 2001	$200,000,000
April 1, 2001-June 30, 2001	$300,000,000
July 1, 2001-September 30, 2001	$350,000,000
October 1, 2001-December 31, 2001	$350,000,000

SECTION 6.17. Total Leverage Ratio. (a) The Total Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	TOTAL LEVERAGE RATIO
March 31, 2002-December 30, 2002	12.50:1.00
December 31, 2002-December 30, 2003	9.50:1.00
December 31, 2003 and thereafter	4.00:1.00

SECTION 6.18. Senior Leverage Ratio. The Senior Leverage Ratio during any period set forth below shall not exceed the ratio set forth below opposite such period:

PERIOD	SENIOR LEVERAGE RATIO
March 31, 2002-December 30, 2002	5.25:1.00
December 31, 2002-December 30, 2003	3.25:1.00
December 31, 2003 and thereafter	2.50:1.00

SECTION 6.19. Interest Coverage Ratio. The Interest Coverage Ratio for any period of four consecutive fiscal quarters ending during any period set forth below shall not be less than the ratio set forth below opposite such period:

PERIOD	INTEREST COVERAGE RATIO
June 30, 2002-June 29, 2003	1.00:1.00
June 30, 2003-December 30, 2003	1.50:1.00
December 31, 2003 and thereafter	2.00:1.00

SECTION 6.20. Financial Covenant Non-Compliance Cure. (a) At any time prior to the consummation of the Spin-Off, in the event that Holdings and the Restricted Subsidiaries fail to comply with any of Sections 6.15 through 6.19, inclusive, for any period or on any date set forth therein, the Parent shall have the right, but not the obligation, to make, within three Business Days of the date upon which financial statements as of the last day of such period are delivered or required to be delivered pursuant to Section 5.01(a) or (b), a cash equity contribution to Holdings in exchange for Qualifying Equity Interests of Holdings (which Holdings shall thereupon contribute to the Borrower, in exchange for Qualifying Equity Interests of the Borrower) to cure such failure.

(b) If such contribution is made to cure a failure to comply with the covenant contained in Section 6.16, such contribution shall be in an amount sufficient, when added to EBITDA for the applicable period, to enable Holdings and the Restricted Subsidiaries to comply with such covenant on a consolidated basis. Upon the making of any such capital contribution to Holdings and to the Borrower in the amount specified above, the amount so contributed (to the extent, but only to the extent, of the shortfall in EBITDA for the applicable period) shall thereafter be deemed to have been EBITDA in the last fiscal quarter of such period for purposes of all calculations in respect of compliance with Section 6.16 thereafter.

(c) If such contribution is made to cure a failure to comply with a covenant contained in Section 6.15, 6.17, 6.18 or 6.19, such contribution shall be in an amount sufficient, when applied to repay or prepay Indebtedness of Holdings and the Restricted Subsidiaries, to enable Holdings and the Restricted Subsidiaries, on a pro forma basis after giving effect to such contribution and application, to comply with such covenant on a consolidated basis.

(d) The right to cure provided in this Section 6.20 may not be exercised in respect of more than two consecutive quarters or more than three times in the aggregate during the term of the Facilities.

ARTICLE 7

EVENTS OF DEFAULT

SECTION 7.1. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.01(a)) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent or any Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.10, 5.11A, 5.11B, 5.13, 5.17, 5.18 or in Article 6, or (i) such failure shall continue unremedied for a period of 30 days after the earlier to occur of (x) knowledge thereof by any Loan Party or (y) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Sections 7.01(a), 7.01(b) or 7.01(d)), and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) knowledge thereof by any Loan Party or (ii) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (subject to any applicable grace period);

(g) any event or condition occurs that results in any Material Indebtedness or Permitted Receivables Financing becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or Permitted Receivables Financing or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Receivables Financing to become due, or to require the prepayment, repurchase,

redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.01(g) shall not apply to secured Indebtedness permitted hereunder that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against Holdings, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings and the Restricted Subsidiaries in an aggregate amount exceeding $25,000,000 for all periods;

(m) any Lien (if any) purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral having a fair market value in excess of $1,000,000, with the priority required by the applicable Collateral Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) pursuant to a Collateral Release Event;

(n) any Guarantee by Holdings or any Subsidiary Loan Party under any Loan Document shall cease for any reason (other than the merger out of existence of such Guarantor pursuant to a transaction permitted hereunder or pursuant to the express terms of such Guarantee) to be in full force and effect, or Holdings or any Subsidiary Loan Party shall so assert in writing;

(o) a Change in Control shall occur; and

(p) at any time prior to the consummation of the Spin-Off, the senior unsecured long-term debt of the Parent shall be rated less than BBB- by S&P or less than Baa3 by Moody's;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in the case of any event with respect to Holdings or the Borrower described in Section 7.01(h) or 7.01(i), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

ARTICLE 8

THE AGENTS

SECTION 8.1. Appointment, Powers, Immunities. (a) Each Lender, Swingline Lender and Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) The institutions serving as Agents hereunder shall have the same rights and powers in their capacities as Lenders, Swingline Lenders or Issuing Banks, as the case may be, as any other Lenders, Swingline Lenders or Issuing Banks and may exercise the same as though they were not Agents, and each such institution and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

(c) The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Agents shall not have any duty to take

any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that an Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (iii) except as expressly set forth in the Loan Documents, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any Subsidiary that is communicated to or obtained by any institution serving as an Agent or any of its affiliates in any capacity.

(d) No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or wilful misconduct.

(e) No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than, in the case of the Administrative Agent, to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.2. Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.3. Delegation to Sub-Agents. Each Agent may perform any and all of its duties and exercise any of its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agents may perform any and all of their duties and exercise rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

SECTION 8.4. Resignation of Agents. Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks,

appoint a successor Agent which shall be a bank organized under the laws of the United States or any State thereof, having (x) an office in any State of the United States and (y) capital, surplus and undivided profits aggregating at least $200,000,000, or an affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

SECTION 8.5. Non-reliance on Agents or other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent, any Issuing Bank or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

SECTION 8.6. Syndication Agent, Incremental Facility Arrangers and Co-Documentation Agents. Notwithstanding anything in this Agreement or any Loan Document to the contrary, the Syndication Agent, the Incremental Facility Arrangers and the Co-Documentation Agents shall have no obligation or responsibility as such hereunder other than, in the case of the Syndication Agent or the Incremental Facility Arrangers, as expressly set forth herein.

ARTICLE 9

HOLDINGS GUARANTEE

SECTION 9.1. The Guarantee. Holdings unconditionally and irrevocably guarantees the full and punctual payment of all present and future indebtedness and other obligations of the Borrower evidenced by or arising under any Loan Document and all present and future indebtedness and other obligations of the Borrower or any other Restricted Subsidiary under any Hedging Agreement permitted under Section 6.01 (a "Specified Hedging Agreement") as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, according to the terms hereof and thereof (including, without limitation, any Post-Petition Interest). If the Borrower or any other Restricted Subsidiary fails punctually to pay any indebtedness or other obligation guaranteed hereby which is due and payable, Holdings unconditionally agrees to cause such payment to be made punctually as and when the same shall become due and payable, whether at maturity or by declaration or otherwise, and as if such payment were made by the Borrower or such other Restricted Subsidiary.

SECTION 9.2. Guarantee Unconditional. The obligations of Holdings under this Article 9 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Loan Party under any Loan Document or Specified Hedging Agreement, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to any Loan Document or Specified Hedging Agreement;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security, or of any guarantee or other liability of any third party, for any obligation of the Borrower or any Loan Party under any Loan Document or Specified Hedging Agreement;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Loan Party or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Loan Party or its assets, or any resulting release or discharge of any obligation of the Borrower or any other Loan Party contained in any Loan Document or Specified Hedging Agreement;

(e) the existence of any claim, set-off or other rights which Holdings may have at any time against the Borrower or any other Loan Party, any Agent, any Issuing Bank, any Lender or any other Person, whether or not arising in connection herewith or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document or Specified Hedging Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by any other Loan Party of any amount payable by it under any Loan Document or Specified Hedging Agreement; or

(g) any other act or omission to act or delay of any kind by any other Loan Party, any Lender or any other Person or any other circumstance that might, but for the provisions of this Section, constitute a legal or equitable discharge of Holdings' obligations under this Article 9.

SECTION 9.3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Holdings' obligations under this Article 9 constitute a continuing guaranty and shall remain in full force and effect until the Commitments shall have been terminated, all Letters of Credit shall have expired or been terminated, all Specified Hedging Agreements shall have been terminated and all amounts payable under the Loan Documents and the Specified Hedging Agreements shall have been indefeasibly paid in full. If at any time any amount payable by the Borrower under any Loan Document or by the Borrower or any other Restricted Subsidiary under any Specified Hedging Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, Holdings' obligations under this Article 9 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

SECTION 9.4. Waiver. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Restricted Subsidiary or any other Person.

SECTION 9.5. Subrogation. When Holdings makes any payment under this Article 9 with respect to the obligations of the Borrower or any other Restricted Subsidiary, Holdings shall be subrogated to the rights of the payee against the Borrower or such other Restricted Subsidiary with respect to the portion of such obligations paid by Holdings; provided that Holdings shall not enforce any payment by way of subrogation or contribution against the Borrower or any Subsidiary so long as any amount payable under any Loan Document or Specified Hedging Agreement remains unpaid.

SECTION 9.6. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Loan Party under any Loan Document or Specified Hedging Agreement is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party, all such amounts otherwise subject to acceleration under the terms of such Loan Document or Specified Hedging Agreement shall nonetheless be payable by Holdings under this Article 9 forthwith on demand by the Administrative Agent made, in the case of any Loans, at the request of the requisite number of Lenders specified in Section 7.01 hereof or, in the case of obligations under a Specified Hedging Agreement, at the request of the relevant Lender or Lenders or affiliate or affiliates of such Lender or Lenders.

SECTION 9.7. Successors and Assigns. This guarantee is for the benefit of the Lenders, the Hedge Counterparties and their respective successors and assigns. If any Loans, participations in Letters of Credit or Swingline Loans or other amounts payable under the Loan Documents are assigned pursuant to Section 10.04 of the Credit Agreement, or any rights under any Specified Hedging Agreement are assigned pursuant thereto, the rights under this Article 9, to the extent applicable to the indebtedness so assigned, shall be transferred with such indebtedness.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Holdings or the Borrower, to it at Williams Communications Group, Inc., One Williams Center, Suite 2600, Tulsa, Oklahoma 74172, Attention of (other than administrative notices) Scott E. Schubert (Telecopy No. 918-573-6024) or (for administrative notices) Attention of Kerri Lyle (Telecopy No. 918-573-6558);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 901 Main Street, Dallas, Texas 75202, Attention of (other than Borrowing Requests) Pamela Kurtzman, 64th Floor (Telecopy No. (214) 209-9390) or (for Borrowing Requests) Judy Schneidmiller, 14th Floor (Telecopy No. 214-209-2118);

(c) if to Bank of America, as Issuing Bank, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(d) if to Chase, as Issuing Bank, to it at 270 Park Avenue, 37th Floor, New York, New York 10017, Attention of Joe Brusco (Telecopy No. 212-270-4164);

(e) if to Bank of America, as Swingline Lender, to it at 901 Main Street, 64th Floor, Main Street, Dallas, Texas 75202, Attention of Pamela Kurtzman (Telecopy No. 214-209-9390);

(f) if to Chase, as Swingline Lender, to it at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Winslowe Ogbourne (Telecopy No. 212-552-5700); and

(g) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender, any Issuing Bank or any Swingline Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or

any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or substantially all of the Subsidiary Loan Parties from their respective Guarantees hereunder under the Subsidiary Guarantee (except as expressly provided herein or therein), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) change any condition set forth in Section 4.03 without the written consent of each Incremental Lender, or (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to, or requirements to make loans by, Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class; provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or any Swingline Lender without the prior written consent of the Administrative Agent, the affected Issuing Bank or the affected Swingline Lender, as the case may be, and (B) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders with Commitments or Loans of any Class or Classes (but not Lenders with Commitments or Loans of any other Class or Classes) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and the requisite percentage in interest of the Lenders with Commitments or Loans of the affected Class or Classes.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers and their respective affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent and the Incremental Facility Arrangers in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank, any Swingline Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Incremental Facility Arrangers and the Syndication Agent, any Issuing Bank, any Swingline Lender or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, the Issuing Banks, the Swingline Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery

of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings or any Subsidiary, or any Environmental Liability related in any way to Holdings or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender under Sections 10.03(a) or 10.03(b), each Lender severally agrees to pay to the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Syndication Agent, the Incremental Facility Arrangers, any Issuing Bank or any Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Loans (other than Revolving Loans) and unused Commitments (other than Revolving Commitments) at the time.

(d) To the extent permitted by applicable law, Holdings and the Borrower will not and will not permit any other Restricted Subsidiary to assert, and each hereby waives for itself and on behalf of its subsidiaries, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit), except that the

Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, each Issuing Bank and each Swingline Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any affiliate of any Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) each of the Borrower (except in the case of an assignment to a Lender or an affiliate of a Lender) and Administrative Agent (except in the case of an assignment to an affiliate of a Lender) (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Banks and the Swingline Lenders) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, after giving effect to such assignment, the amount of the Commitments or Loans of each Class held by each of the assignor Lender and its affiliates and the assignee Lender and its affiliates (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this Section 10.04(b)(iii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (iv) the parties to each assignment (excluding any assignment by a Lender to an affiliate of such Lender) shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, (v) the parties to each assignment by a Lender to an affiliate of such Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,500, (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (vii) the Incremental Facility Arrangers shall be notified by the Administrative Agent of any assignment of the Incremental Facility; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to Section 10.04(d), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this

Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.04(e). Each Lender that is an investment fund hereby agrees to notify the Administrative Agent and the Incremental Facility Arrangers of any change of the identity of the investment manager for such fund.

(2) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC") identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC that, at the time of such proposed amendment, has an outstanding Loan or Loans to the Borrower. For purposes of Section 10.02 of this Agreement and any other provision of any Loan Document requiring the consent or approval of any Lender, the Granting Lender shall, notwithstanding the funding of any Loans by any SPC, have the sole right to consent to or approve any waiver or amendment of any provision of this Agreement or any other Loan Document or to exercise any other right to consent or to grant approval under any Loan Document.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in any State of the United States, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank, any Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.04(b) and any written consent to such assignment required by Section 10.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Holdings, the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to Section 10.04(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided

that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Bank and Swingline Lender and each of their respective affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, Issuing Bank, Swingline Lender or affiliate to or for the credit or the account of the Borrower or Holdings against any and all of the obligations of the Borrower or Holdings, as the case may be, now or hereafter existing under this Agreement held by such Lender, Issuing Bank or Swingline Lender, irrespective of whether or not such Lender, Issuing Bank or Swingline Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, Issuing Bank and Swingline Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender, Issuing Bank or Swingline Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings used herein and the Table of Contents are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks, the Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' (other than affiliates that are

direct competitors of any material business of Holdings and the Restricted Subsidiaries) directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (other than a direct competitor of any material business of Holdings and the Restricted Subsidiaries), (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank, any Swingline Lender or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WILLIAMS COMMUNICATIONS, LLC

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

WILLIAMS COMMUNICATIONS GROUP, INC.

By /s/ Scott E. Schubert

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

BANK OF MONTREAL

By /s/ W.T. Calder

Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi

Title: Senior Vice President

SCOTIABANC INC.

By /s/ M. D. Smith

Title: Treasurer

ABN AMRO BANK, N.V.

By /s/

Title:

By /s/

Title:

FLEET NATIONAL BANK

By /s/ Suzanne M. MacKay

Title: Vice President

CIBC INC.

By /s/ Amy V. Kothari

Title: Executive Director

CREDIT SUISSE FIRST BOSTON

By /s/ David L. Sawyer

   Title: Vice President

By /s/ Lalita Advani

   Title: Assistant Vice President

DEUTSCHE BANK AG
NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH

By /s/ Steve M. Godeke

   Title: Director

By /s/ Alexander Richarz

   Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Jeremy Horn

   Title: Authorized Signature

BANK AUSTRIA CREDIT ANSTALT
CORPORATE FINANCE, INC.

By /s/ John T. Murphy

Title: Senior Vice President

By /s/ William W. Hunter

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Brand Hosford

Title: Vice President

IBM CREDIT CORPORATION

By /s/ Thomas S. Curcio

Title: Manager of Credit

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH

By

Name:
Title:

BANK OF OKLAHOMA N.A.

By /s/ Robert D. Mattax

Title: Senior Vice President

BANK ONE, N.A.

By

Name:
Title:

KBC BANK, N.V.

By /s/ Robert Snauffer

Title: First Vice President

By /s/ Eric Raskin

Title: Assistant Vice President

THE FUJI BANK, LIMITED

By /s/ Nobuoki Koike

Title: Vice President & Senior Team Leader

INCREMENTAL TRANCHE A LENDERS:

BANK OF AMERICA, N.A.

By /s/ Pamela S. Kurtzman

Title: Principal

THE CHASE MANHATTAN BANK

By /s/ Constance M. Coleman

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By /s/ G. Andrew Keith

Title: Authorized Signatory

CITICORP USA, INC.

By /s/ Caesar W. Wyszomirski

Title: Vice President

MERRILL LYNCH & CO., INC.

By /s/ Merrill Lynch & Co., Inc.

Name: Parker A. Weil
Title: Managing Director

Acknowledged and agreed:

CRITICAL CONNECTIONS, INC.
SBCI - PACIFIC NETWORKS, INC.
WCS COMMUNICATIONS SYSTEMS, INC.
WCS, INC.
WILLIAMS COMMUNICATIONS OF
VIRGINIA, INC.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.L.C.
WILLIAMS COMMUNICATIONS
PROCUREMENT, L.P.
WILLIAMS GLOBAL COMMUNICATIONS
HOLDINGS, INC.
WILLIAMS INTERNATIONAL
VENTURES COMPANY
WILLIAMS LEARNING NETWORK, INC.
WILLIAMS LOCAL NETWORK, INC.
WILLIAMS WIRELESS, INC.
WILLIAMS TECHNOLOGY CENTER, LLC
WILLIAMS COMMUNICATIONS AIRCRAFT, LLC

All By:

Title:

SCHEDULE 2.01
COMMITMENTS

REVOLVING AND TERM LENDERS	REVOLVING COMMITMENT	TERM COMMITMENT
Bank of America, N.A.	32,500,000	32,500,000
The Chase Manhattan Bank	50,000,000	50,000,000
Bank of Montreal	42,625,000	42,625,000
The Bank of New York	42,625,000	42,625,000
ABN AMRO Bank N.V.	34,250,000	34,250,000
CIBC Inc.	34,250,000	34,250,000
Credit Lyonnais New York Branch	34,250,000	34,250,000
Credit Suisse First Boston	34,250,000	34,250,000
Deutsche Bank AG New York Branch and/or Cayman Islands Branch	34,250,000	34,250,000
Fleet National Bank	34,250,000	34,250,000
Scotiabanc Inc.	34,250,000	34,250,000
Bank Austria Creditanstalt Corporate Finance, Inc.	17,500,000	17,500,000
First Union National Bank	17,500,000	17,500,000
The Fuji Bank, Limited	17,500,000	17,500,000
IBM Credit Corporation	17,500,000	17,500,000
The Industrial Bank of Japan, Limited New York Branch	17,500,000	17,500,000
Bank of Oklahoma N.A.	10,000,000	10,000,000
Bank One, N.A.	10,000,000	10,000,000
KBC Bank N.V.	10,000,000	10,000,000
Total	525,000,000	525,000,000
GRAND TOTAL		1,050,000,000

INCREMENTAL LENDERS	
Citicorp USA, Inc.	150,000,000
Lehman Commercial Paper, Inc.	150,000,000
Merrill Lynch & Co., Inc.	75,000,000
The Chase Manhattan Bank	40,000,000
Bank of America, N.A.	35,000,000
GRAND TOTAL	450,000,000

EXHIBIT D

Lessee's Certificate

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LEASE: Master Lease dated September 11, 2001, by and among Williams Headquarters Building Company, as Lessor, Williams Technology Center, LLC, as Lessee ("Lessee"), and Williams Communications, LLC, as Guarantor ("Guarantor") (the "Lease"), covering the Williams Technology Center and related land and improvements, all located in the City of Tulsa, Oklahoma (the "Premises").

Lessee hereby certifies and states to you the following:

1. The Lease is presently in full force and effect and unmodified [LIST AMENDMENTS IF APPLICABLE], and has not been cancelled or terminated.

2. The term of the Lease has commenced and the full rental is now accruing thereunder.

3. The undersigned has accepted possession of the Premises covered by the Lease and any and all improvements located thereon.

4. All improvements required by the terms of the Lease to be constructed by Lessor have been completed to the satisfaction of the undersigned.

5. Rent in the amount of $____________ was last paid on _________________, 20___, and no rent under the Lease has been paid more than thirty (30) days in advance of its due date.

6. The address for notices to be sent to the Lessee is as set forth in the Lease or, if there has been a change, at the address set forth hereinbelow.

7. Neither the Lessee nor the Guarantor, as of the date hereof, has any charge, lien or claim of offset under the Lease, the Guaranty or otherwise, against any rents or other charges due or to become due to the Lessor thereunder.

8. Neither the Lessor nor the Lessee, is in default under any of the terms of

the Lease, and there currently exists no circumstance or event which with the passage of time, could mature into a default by any party under the Lease.

9. The Guaranty dated of even date with the Lease, and all of its terms, covenants and conditions, are in full force and effect.

[ADD ADDITIONAL PROVISIONS NECESSARY FOR PARTICULAR TRANSACTION].

The Lessee understands that in connection with [DESCRIBE TRANSACTION IN QUESTION], your company is specifically relying on the accuracy and completeness of all of the statements contained herein.

EXECUTED this ____ day of _________________, 20___.

WILLIAMS TECHNOLOGY CENTER, LLC,
A Delaware Limited Liability Company

By: ---------------------------------

Name: ------------------------------

Title: -----------------------------

(Address)

(City, State, Zip)

EXHIBIT E

Permitted Encumbrances

(a) Encumbrances imposed by law for taxes that are not yet due or are being contested in compliance with the Lease;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Encumbrances imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with the Lease;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under the Lease; and

(f) easements, zoning restrictions, rights-of-way and similar Encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the Leased Properties or interfere with the ordinary conduct of business of Lessee or Guarantor;

(g) Schedule B-Section 2, Exception No.'s 3 and 6 through 37 of Commitment for Title Insurance No. E-134132-A, dated July 2, 2001, at 7:00 a.m. and issued by Guaranty Abstract Company on behalf of Lawyers Title Insurance Corporation.

provided that the term "Permitted Encumbrances" shall not include any Encumbrance securing any Debt.

EXHIBIT F

CONSENT AND NON-DISTURBANCE AGREEMENT

THIS CONSENT AND NON-DISTURBANCE AGREEMENT is entered into as of the ____ day of _____________, 20__, between WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), having an office at One Williams Center, Suite 2200, Tulsa, Oklahoma 74172, and ____, a ____________________ ("Sublessee"), having an office at ______________________________ ___________________________.

RECITALS

A. By that certain Master Lease entered into between Lessor and WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), dated effective as of September 11, 2001, Lessor leased certain real property and improvements commonly known as the Williams Technology Center, Tulsa, Oklahoma (collectively the "Premises") to Lessee (the "Master Lease").

B. By that certain Sublease Agreement dated _____________, 20__, entered into between Lessee and Sublessee, Lessee subleased a portion of the Premises to Sublessee (the "Sublease"), which Sublease's effectiveness was conditioned upon the receipt of Lessor's consent thereto.

C. The parties hereto desire to provide for the consent by Lessor to the Sublease, and the non-disturbance of Sublessee by the Lessor, in specified circumstances in the event the Master Lease is terminated.

IN CONSIDERATION of the premises, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. CONSENT TO SUBLEASE. Lessor hereby consents to the Sublease and all of its terms, covenants and conditions, subject to the terms of this Agreement. Sublessee agrees that no amendment or modification of the Sublease shall be valid or enforceable unless and until the Lessor has specifically consented to such amendment or modification in writing, in each and every instance.

2. SUBLEASE CONTINUATION. In the event the Master Lease is terminated, provided Sublessee is not then in default under the Sublease, the Sublease shall continue in full force and effect, without necessity for executing any new lease, as a direct lease between Sublessee and the Lessor, upon all of the same terms, covenants and provisions contained in the Sublease and in such event:

2.1 Sublessee Bound. Sublessee shall be bound to Lessor under all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including any extension periods, if Sublessee elects or has elected to exercise any option to extend the term) and Sublessee hereby agrees to attorn to Lessor under the Sublease; and

2.2 Lessor Bound. From and after the termination of the Master Lease, so long as Lessor is the owner of the Premises, Lessor shall be subject to and shall be deemed to have assumed all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including also any extension periods, if Sublessee elects or has elected to exercise its option to extend the term).

3. NOTICES. Any notices or communications given under this Agreement shall be in writing and shall be deemed given on the earlier of actual receipt or three (3) days after deposit in the U.S. Mail, by registered or certified mail, return receipt requested, postage prepaid, at the respective addresses set forth above, or at such other address as the party entitled to notice may designate by written notice as provided herein.

4. SUCCESSORS AND ASSIGNS. Except as otherwise provided in Paragraph 2 hereinabove, this Agreement shall bind and inure to the benefit the parties hereto and their respective successors and assigns.

5. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties and cannot be changed, modified, waived or canceled except by an agreement in writing executed by the parties against whom enforcement of such modification, change, waiver or cancellation is sought.

EXECUTED as of the date first hereinabove written.

LESSOR: WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: ________________________________

Name: ______________________________

Title: _____________________________

SUBLESSEE: ____________________________________,

A __________________________________

By: ________________________________

Name: ______________________________

Title: _____________________________

EXHIBIT G

Memorandum or Short Form of Lease

AFTER RECORDING RETURN TO

Ms. Arlene M. Phillips
Guaranty Abstract Company
320 S. Boulder
Tulsa, Oklahoma 74103-3400

(This space reserved for recording information)

MEMORANDUM OF MASTER LEASE

THIS MEMORANDUM OF MASTER LEASE, is entered into this 11th day of September, 2001, by and among WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation ("Lessor"), WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company ("Lessee"), and WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company ("Guarantor").

WITNESSETH:

For and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Lessor hereby demises, leases and lets to the Lessee, and Lessee hereby takes, leases and lets from Lessor, certain real property more particularly described on Exhibit "A" attached hereto and made a part hereof, together with the improvements located thereon and various items of personal property and fixtures connected therewith, in the City of Tulsa, County of Tulsa, State of Oklahoma (all of which are more particularly described in the Master Lease hereinafter referenced), together with all the hereditaments, privileges and appurtenances thereto belonging (hereinafter collectively called the "Leased Properties").

TO HAVE AND TO HOLD the Leased Properties for a term of ten (10) years, commencing on September 11, 2001, and terminating at 12:00 P.M. on September 10, 2011 (the "Term"), with the option (i) in Lessee to purchase the Leased Properties by written notice to Lessor ,and (ii) in Lessor to require the Lessee to purchase the Leased Properties, all as provided under the terms of a certain Master Lease Agreement dated effective as of September 11, 2001, entered into by and among Lessor, Lessee and Guarantor (hereinafter called the "Master Lease"), at the rentals and subject to the terms, covenants and conditions appearing in the Master Lease. The Master Lease also contains the guaranty by Guarantor, of all of the duties and obligations of Lessee set forth therein as well as certain other duties and obligations.

1. MORTGAGE. Subject to the terms and conditions of the Master Lease, and in addition to all other rights and remedies of Lessor as contained herein or under applicable law, the Lessee does hereby mortgage, pledge, grant, bargain, sell, convey, assign, warrant, transfer

and set over to the Lessor, WITH POWER OF SALE, to the extent permitted by applicable law: (i) all of the Lessee's right, title and interest, if any, in the Leased Properties, and (ii) all of the Lessee's right, title and interest in and to all proceeds of the conversion, whether voluntary or involuntary, of any of the Leased Properties into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made as a result of casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value thereof, the foregoing collectively being referred to hereinafter as the "Security Property".

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, unto the Lessor, its successors and assigns, forever, for the uses and purposes herein expressed, but not otherwise.

2. SECURITY INTEREST. Subject to the terms and conditions of the Master Lease, the Lessee hereby grants to the Lessor a security interest in the Lessee's interest, if any, in that portion of the Security Property (the "UCC Property") subject to the Uniform Commercial Code of the State of Oklahoma (the "UCC"). The Master Lease shall also be deemed to be a security agreement and a financing statement filed as a fixture filing pursuant to 12A O.S. Section 9-402(6) and shall support any financing statement showing the Lessor's interest as a secured party with respect to any portion of the UCC Property described in such financing statement. The Lessee agrees, at its sole cost and expense, to execute, deliver and file from time to time such further instruments as may be requested by the Lessor to confirm and perfect the lien of the security interest in the collateral described in the Master Lease.

3. ASSIGNMENT OF LEASES AND RENTS. The Lessee hereby irrevocably assigns, conveys, transfers and sets over unto the Lessor (subject, however, to the Master Lease and the rights of the Lessee thereunder and hereunder) all and every part of the rents, issues and profits that may from time to time become due and payable on account of any and all subleases or other occupancy agreements now existing, or that may hereafter come into existence with respect to the Leased Properties or any part thereof, including any guaranties of such subleases or other occupancy agreements. Upon request of the Lessor, the Lessee shall execute and cause to be recorded, at its expense, supplemental or additional assignments of any subleases or other occupancy agreements, of the Leased Properties. Upon the occurrence and continuance of a Event of Default, the Lessor is hereby fully authorized and empowered in its discretion (in addition to all other powers and rights herein granted), to apply for and collect and receive all such rents, issues and profits and to enforce any guaranty or guaranties, and all money so received under and by virtue of this assignment shall be held and applied as further security for the payment of the indebtedness secured hereby and to assure the performance by the Lessee of its covenants, agreements and obligations under the Master Lease.

A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW THE LESSOR TO TAKE THE SECURITY PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT BY THE LESSEE.

4. INCORPORATION OF TERMS. The terms, covenants and conditions of the Master Lease are incorporated herein by reference with the same force and effect as though fully set forth herein. Capitalized terms not specifically defined herein shall have the meanings as set forth in the Master Lease.

5. EFFECT OF MEMORANDUM. The purpose of this Memorandum of Master Lease is to give notice of the existence of such Master Lease, and it is understood that this Memorandum of Master Lease shall not modify or amend the Master Lease in any respect. In the event there are any conflicts between the Master Lease and this Memorandum of Master Lease, the Master Lease shall control in all cases.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

LESSOR

WILLIAMS HEADQUARTERS BUILDING COMPANY, A Delaware Corporation

By: --------------------------------

Name: ------------------------------

Title: -----------------------------

LESSEE

WILLIAMS TECHNOLOGY CENTER, LLC, A Delaware Limited Liability Company

By: --------------------------------

Name: ------------------------------

Title: -----------------------------

GUARANTOR

WILLIAMS COMMUNICATIONS, LLC, A Delaware Limited Liability Company

By: --------------------------------

Name: ------------------------------

Title: -----------------------------

STATE OF OKLAHOMA)
) Section
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on September _____, 2001, by Mark W. Husband, as Assistant Treasurer of WILLIAMS HEADQUARTERS BUILDING COMPANY, a Delaware corporation.

Notary Public

My Commission Expires:

- ------------------------
(SEAL)

STATE OF OKLAHOMA)
) Section
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on September ____, 2001, by __________________________, as Vice President of WILLIAMS TECHNOLOGY CENTER, LLC, a Delaware limited liability company.

Notary Public

My Commission Expires:

- ------------------------
(SEAL)

STATE OF OKLAHOMA)
) Section
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on September ______, 2001, by __________________________________, as Vice President of WILLIAMS COMMUNICATIONS, LLC, a Delaware limited liability company.

Notary Public

My Commission Expires:

- ------------------------
(SEAL)

EXHIBIT H

GUARANTY

TO: WILLIAMS HEADQUARTERS BUILDING COMPANY ("Lessor")
One Williams Center, Suite 2200
Tulsa, Oklahoma 74172

Lessor is hereby requested by the undersigned (the "Guarantor"), to extend credit to Williams Technology Center, LLC, a Delaware limited liability company (hereinafter called the "Lessee") in the principal amount of TWO HUNDRED FORTY-FIVE MILLION AND NO/100 DOLLARS ($245,000,000.00) evidenced by that certain Master Lease of even date herewith, and executed among Lessee, Lessor and Guarantor (the "Master Lease"), as further described in that certain Agreement of Purchase and Sale of even date herewith, between Lessee and Lessor (the "Purchase Agreement").

To induce Lessor to extend such credit, in consideration thereof, and in consideration of the benefits to accrue to the undersigned therefrom, the undersigned hereby guarantees to Lessor the prompt payment at maturity, and at all times thereafter, of such indebtedness, including interest thereon and all costs, reasonable attorney's fees, and expenses which may be suffered by Lessor by reason of the Lessee's default in the payment of such indebtedness or the default of the Guarantor hereunder. Guarantor further guarantees to Lessor the full, punctual and faithful performance of each and every covenant, term, condition or obligation to be performed by the Lessee in respect to the Master Lease and/or the terms of any other instrument executed in connection with or as security for the payment of the indebtedness, including without limitation, the Purchase Agreement.

This is an absolute and continuing guarantee of payment in any event and shall not terminate until Lessor has been paid in full the total amount of such indebtedness and the Lessee has performed all obligations as prescribed in the Master Lease.

Guarantor agrees that the liability under this Guaranty shall not be released, diminished, impaired, reduced or affected by:

a. The taking or accepting of any other security or guaranty for any or all of such indebtedness or obligation;

b. Any release, surrender, exchange, subordination or loss of any security at any time existing in connection with any or all of such indebtedness;

c. Any partial release of the liability of the undersigned hereunder or under any other instrument executed in connection with or as security for such indebtedness;

d. The insolvency, bankruptcy, disability or lack of entity power of Lessee,

Guarantor, or any party at any time liable for the payment of any or all of such indebtedness whether now existing or hereafter occurring;

e. Any renewal, extension and/or rearrangement of the Master Lease or the payment of any or all of the indebtedness or the performance of any covenants contained in any instrument executed in connection with such indebtedness, either with or without notice to or consent of Guarantor, or any adjustment, indulgence, forbearance or compromise that may be granted or given by Lessor to any party;

f. Any neglect, delay, omission, failure or refusal of Lessor to take or prosecute any action for the collection of any of such indebtedness or to foreclose or take or prosecute any action in connection with the Master Lease or as security for any of such indebtedness; or

g. Any failure of Lessor to notify Guarantor of any renewal, extension or assignment of the indebtedness guaranteed hereby, or any part thereof, or the release of any security or of any other action taken or refrained from being taken by Lessor against Lessee or any new agreement between Lessor and Lessee, it being understood that Lessor shall not be required to give Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with the indebtedness hereby guaranteed.

In the event of default in payment or performance by Lessee, Guarantor agrees that after the expiration of any applicable cure period set forth in the Master Lease, Lessor may first proceed against this Guaranty and against any security given by Guarantor in connection herewith to satisfy such indebtedness, without first having (i) to proceed against the Lessee, or (ii) to proceed against or give credit for any security which may have been given to Lessor by the Lessee or any other party.

Guarantor hereby waives notice of acceptance hereof and the presentment, demand, protest and notice of nonpayment or nonperformance, or protest in connection with the Master Lease, and Guarantor waives all set-offs and counterclaims. Payment and performance by Guarantor hereunder shall not entitle Guarantor, by subrogation or otherwise, to any payment by Lessee except after Lessor has received full payment and performance of all amounts and obligations to be paid and performed by the Lessee contingently, absolutely or otherwise, by reason of the instruments described herein.

Guarantor hereby waives and relinquishes any right of reimbursement, subrogation, indemnification or other recourse or claim, whether contingent or matured, which Guarantor may have against Lessee. It is the express intent of Guarantor to eliminate any debtor/creditor relationship between Guarantor and Lessee. Guarantor hereby expressly releases and waives any and all present and future rights as a creditor of Lessee in all respects. Guarantor further waives and relinquishes all rights, remedies, defenses and claims and/or rights of counterclaim, recoupment, offset or setoff, including, but not limited to, all offsets, setoffs, rights, remedies or defenses which may be afforded Guarantor by any of Title 12, OKLA. STAT. Section 686 and/or Title 15, OKLA. STAT. Sections 334, 337, 338 and 344, as any of such statutes may be amended from time to time.

This Guaranty shall be binding on Guarantor, its successors and assigns, and shall inure to the benefit of Lessor and its successors and assigns. All of Lessor's rights hereunder shall be cumulative and not alternative.

This instrument is executed and delivered as an incident to a lending transaction negotiated and consummated in Tulsa, Oklahoma, and shall be construed according to the laws of the State of Oklahoma.

If any provision of this Guaranty shall be held to be void or unenforceable for any reason, such provision shall be deemed modified so as to constitute a provision conforming as nearly as possible to such void or unenforceable provision while still remaining valid and enforceable, and the remaining terms or provisions hereof shall not be affected thereby.

EXECUTED this 11th day of September, 2001.

WILLIAMS COMMUNICATIONS, LLC,
A Delaware Limited Liability Company

By: ---------------------------------

Name: -------------------------------

Title: ------------------------------

EXHIBIT I

Interest Rate Calculation

The following definitions shall apply to this EXHIBIT I:

"ABR", when used herein, refers to interest at a rate determined by reference to the Alternate Base Rate.

"Applicable Margin" means, for any day, (i) the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Guarantor's Bank Facility Rating set by S&P and Moody's, respectively, applicable on such date plus (ii) the applicable rate per annum set forth below under the caption "Leverage Premium", unless the Total Leverage Ratio, as determined by reference to the financial statements delivered to the Lessor in respect of the most recently ended fiscal quarter of WCG, is less than 6:00 to 1:00.

"Eurodollar", when used herein, refers to interest at a rate determined by reference to the Adjusted LIBO Rate.

"Facilities" means the Term Facility, the Revolving Facility, the Incremental Facility and each Additional Incremental Facility, all as defined in the Credit Agreement.

"LIBO Rate" means, with respect to any Eurodollar Rate, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lessor from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of each calendar month, as the rate for dollar deposits with a maturity of thirty (30) days. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 and for a maturity of thirty (30) days are offered by the principal London office of the CitiBank, N.A., in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of each calendar month. In either case, the applicable LIBO Rate shall be effective for the calendar month next succeeding the date of such determination.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies.

At Lessee's option, ABR plus Applicable Margin or LIBO Rate plus Applicable Margin (the "Rate") as determined from time to time by S&P or by Moody's based on Guarantor's Facilities Rating in accordance with the grid below:

	Facilities Rating of Guarantor	ABR Spread	EURODOLLAR SPREAD	Leverage Premium
Level I	BBB- and Baa3 or higher	0.50%	1. 50%	.25%
Level II	BB+ and Ba1	0.875%	1.875%	.25%
Level III	BB and Ba2	1.25%	2.25%	.25%
Level IV	BB- and Ba3	1.50%	2.50%	.25%
Level V	Lower than BB- or lower than Ba3	1.75%	2.75%	.25%

For purposes of the foregoing (i) if neither S&P nor Moody's or any replacement or successor facility of similar size shall have in effect a rating for the Facilities, then the Applicable Margin shall be the rate set forth in Level V, (ii) if either S&P or Moody's, but not both S&P and Moody's, shall have in effect a rating for the Facilities, then the Applicable Margin shall be based on such rating, (iii) if the ratings established by S&P and Moody's for the Facilities shall fall within different Levels, then the Applicable Margin shall be based on the lower of the two ratings, (iv) if the ratings established by S&P and Moody's for the Facilities shall fall within the same Level, then the Applicable Margin shall be based on that Level and (v) if the ratings established by S&P and Moody's for the Facilities shall be changed (other than as a result of a change in the rating system of S&P or Moody's), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

EXHIBIT J

Realty Base Rent Computation

Monthly Realty Base Rent to be an amount as would be necessary to amortize $168,892,596 (the "Realty Base Rent Principal") on a straight-line basis over a period of four hundred and eighty (480) months plus interest (the "Realty Base Rent Interest") calculated at the Rate for the first thirty-six (36) months after the Commencement Date and on a straight-line basis over a period of two hundred and four (204) months plus interest calculated at the Rate for the remaining balance thereafter, subject however to the adjustments made with respect to levels two (2) and three (3) of the Center as set forth in Section 3.1. On the Realty Expiration Date, a final payment of Realty Base Rent in the amount computed by taking what would be the remaining Realty Base Rent Principal as amortized pursuant to this EXHIBIT J, as of the Realty Expiration Date.

EXHIBIT K

Category 1 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Furniture	#10001052	$17,878,000
Design Fees & Expenses	#10001285	$ 2,345,477
Voice Systems	IT-VS-2001	$ 5,465,827
Flooring (initial order)	#10000723 & 10001038	$ 1,677,487
Contingent Costs		$ 1,189,689
SUBTOTAL		$28,556,480

The Lessor and Lessee agree to reconcile the exact Category 1 FF&E within forty-five (45) days of the Substantial Completion Date as defined in the Construction Completion Agreement.

EXHIBIT L

Category 1 FF&E Base Rent Computation

CATEGORY 1 FF&E BASE RENT. Monthly Category 1 FF&E Base Rent to be an amount as would be necessary to amortize $28,556,480 on a straight-line basis over a period of sixty (60) months plus interest calculated at the Rate.

EXHIBIT M

Category 2 FF&E Tangible Personal Property Description

	AFE	AMOUNT
Desktop	IT-DT-2001	$ 7,608,570
Audio Visual	#10001221	$19,996,330
Data Network	IT-DN-2001	$13,800,779
Servers	IT-SA-2001	$ 5,867,282
Contingent Costs		$ 277,963
SUBTOTAL		$47,550,924

The Lessor and Lessee agree to reconcile the exact Category 2 FF&E within forty-five (45) days of the Substantial Completion Date as defined in the Construction Completion Agreement.

EXHIBIT N

Category 2 FF&E Base Rent Computation

CATEGORY 2 FF&E BASE RENT. Monthly Category 2 FF&E Base Rent to be an amount as would be necessary to amortize $47,550,924 on a straight-line basis over a period of thirty-six (36) months plus interest calculated at the Rate.

EXHIBIT O

1. OPTION TO PURCHASE/ PUT OPTION TERMS

1.1 SALE AGREEMENT. Upon the exercise by Lessee of its option to purchase or by Lessor of its option to require the Lessee to purchase (either being described herein as an "Exercise of Option"), both as set forth in Article XLII, the Lessor agrees to sell to the Lessee and the Lessee agrees to purchase from the Lessor the Realty for the Repurchase Price, on the terms hereinafter stated.

1.2 TITLE. Lessor shall transfer title to the Realty subject only to outstanding mineral interests of record, if any, the Permitted Exceptions and such other easements, restrictions of record.

1.3 LESSOR'S DELIVERIES BEFORE CLOSING. Within twenty (20) days after the Exercise Date, Lessor will deliver to Lessee the following:

1.3.1 Leases and Contracts. Access to all leases and contracts affecting the ownership, operation or maintenance of the Realty.

1.3.2 Survey. Any existing surveys of the Realty, in Lessor's possession or control.

1.4 SELLER'S DELIVERIES AT CLOSING. At Closing, Lessor shall deliver to Lessee the following:

1.4.1 Deed. A duly-executed and acknowledged Special Warranty Deed the form of which is attached hereto as Exhibit I conveying to the Lessee marketable fee simple title to all of the Realty free of all liens and Encumbrances and defects in title except as set forth in to Paragraph 1.2 hereinabove.

1.4.2 Evidence of Authority. Reasonable evidence of the Lessor's authority to consummate the transactions contemplated hereby.

1.4.3 Leases and Contracts. The originals of the items listed in Paragraph 1.3.1 hereinabove.

1.4.4 Lien Affidavit. Affidavit executed by Lessor in form acceptable to the title company to the effect that the Realty is free from claims for mechanics', materialmen's and laborers' liens except as arising from the acts of Lessee.

1.4.6 Bill of Sale. If the Closing Date occurs on or prior to either the Category 1 FF&E Expiration Date at the Category 2 FF&E Expiration Date, a

Special Warranty Bill of Sale covering the Category 1 FF&E and/or the Category 2 FF&E, as applicable.

1.5 LESSEE'S DELIVERIES AT CLOSING. At Closing, Lessee shall deliver to Lessor the following:

1.5.1 Consideration. The Repurchase Price.

1.6 CLOSING COSTS. All of the closing costs of or related to this transaction of whatever character or nature, and regardless of which party may have incurred the same shall be payable in full, by the Lessee.

1.7 CLOSING DATE. In the event of the Exercise Option, the closing (the "Closing Date") of the purchase and sale of the Realty shall be the earlier to occur of (i) the Realty Expiration Date, or (ii) ninety (90) days after the Exercise Date, with the exact date of Closing Date to be set by Lessor upon at least ten (10) days prior written notice to Lessee.

2. PURCHASE AND SALE TERMS FOR LEASED PERSONAL PROPERTY.

TRANSFER UPON PAYMENT. Upon the payment in full in each case of (i) the Category 1 FF&E Base Rent and (ii) the Category 2 FF&E Base Rent, the Lessor agrees to sell to Lessee and Lessee agrees to purchase from Lessor for no additional consideration, the Category 1 FF&E and Category 2 FF&E respectively. In the event of either of the foregoing, (i) within twenty (20) days after the Category 2 FF&E Expiration Date the Lessor shall provide to Lessee a Special Warranty Bill of Sale covering $47,550,924 of original cost of Category 2 FF&E, and (ii) within twenty (20) days after the Category 1 FF&E Expiration Date shall provide to Lessee a Special Warranty Bill of Sale covering $28,556,481 of original cost of Category 1 FF&E.

3. DEFAULT AND REMEDIES. In the event either party defaults in the performance of any obligations under this EXHIBIT O, the non-defaulting party shall give written notice of such default to the defaulting party. The defaulting party (i) shall have thirty (30) days from receipt of such notice in which to cure such default, or (ii) in the event such default involves performance other than the payment of money, and cannot be reasonably cured within such thirty (30) day period notwithstanding the diligent efforts of the defaulting party, shall have such additional period as may be necessary to cure such default so long as the defaulting party has commenced such cure within such thirty (30) day period and thereafter diligently and continuously pursues a cure of such default. In the event any such default is not cured within such period, the non-defaulting party shall be entitled either (i) to waive such default in writing, or (ii) to pursue any and all of its rights and remedies under applicable law, including, without limitation, specific performance.

EXHIBIT P

UCC INFORMATION

AS TO LESSEE:

Jurisdiction of Organization: Delaware

Type of Organization: Limited Liability Company

Federal Employer Identification Number: Applied For

State Organization Number: Delaware 3352656

Principal Place of Business and Mailing Address: One Technology Center
Tulsa, Oklahoma 74103

AS TO GUARANTOR:

Jurisdiction of Organization: Delaware

Type of Organization: Limited Liability Company

Federal Employer Identification Number: 73-1349451

State Organization Number: Delaware 2206783

Principal Place of Business and Mailing Address: One Technology Center
Tulsa, Oklahoma 74103

SCHEDULE 22.2

Sublease Parties

None

EXHIBIT 12

THE WILLIAMS COMPANIES, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(DOLLARS IN MILLIONS)

	YEARS ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
Earnings:					
Income from continuing operations before income taxes and extraordinary gain (loss)	$1,465.6	$1,595.3	$ 585.7	$403.7	$ 703.0
Add:					
Interest expense -- net	746.8	659.1	555.7	499.6	442.2
Rental expense representative of interest factor	31.8	27.6	28.2	24.1	24.4
Interest accrued -- 50% owned company	9.0	8.7	7.5	6.2	--
Preferred returns and minority interest in income of consolidated subsidiaries	67.5	58.0	38.2	7.3	7.8
Equity losses in less than 50% owned companies	27.9	16.5	13.0	--	--
Other	7.8	(8.3)	(3.6)	7.6	3.1
Total earnings as adjusted plus fixed charges	$2,356.4	$2,356.9	$1,224.7	$948.5	$1,180.5
Combined fixed charges and preferred stock dividend requirements:					
Interest expense -- net	$ 746.8	$ 659.1	$ 555.7	$499.6	$ 442.2
Capitalized interest	40.0	49.4	34.6	13.8	15.5
Rental expense representative of interest factor	31.8	27.6	28.2	24.1	24.4
Pretax effect of dividends on preferred stock of the Company	--	--	5.1	12.4	16.1
Pretax effect of dividends on preferred stock and other preferred returns of subsidiaries	59.1	44.2	26.7	--	--
Interest accrued -- 50% owned company	9.0	8.7	7.5	6.2	--
Combined fixed charges and preferred stock dividend requirements	$ 886.7	$ 789.0	$ 657.8	$556.1	$ 498.2
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.66	2.99	1.86	1.71	2.37

EXHIBIT 21

SUBSIDIARY LIST

898389 Alberta Ltd.	Alberta
ACCROSERV SRL	Barbados
ACCROVEN SRL	Barbados
AIF Telecom Fund	Cayman Islands
Alaska Blimpie Co-Op, Inc.	Delaware
American Soda, L.L.P.	Colorado
Apco Argentina, Inc.	Cayman Islands
Apco Delaware, Inc.	Delaware
Apco Properties Ltd.	Cayman Islands
Arctic Fox Assets, L.L.C.	Delaware
Aspen Products Pipeline LLC	Delaware
Aurex LPG Sp. z.o.o	Poland
Bargath Inc.	Colorado
Barrett Fuels Corporation	Delaware
Barrett Resources (Peru) Corporation	Delaware
Barrett Resources International Corporation	Delaware
Baton Rouge Fractionators LLC	Delaware
Beaver Dam Wash Energy, LLC	Delaware
Beech Grove Processing Company	Tennessee
Bison Royalty LLC	Delaware
Black Marlin Pipeline Company	Texas
Buccaneer Gas Pipeline Company, L.L.C.	Delaware
Cannon Pipeline L.L.C.	Oklahoma
Capstone Turbine Corporation	
Carbon County UCG, Inc.	Delaware
Cardinal Extension Company, LLC	North Carolina
Cardinal Operating Company	Delaware
Castle Associates, L.P.	Delaware
Chacahoula Natural Gas Storage, LLC	Delaware
ChoiceSeat, L.L.C.	Delaware
Cove Point LNG Limited Partnership	Delaware
Cross Bay Operating Company	Delaware
Cross Bay Pipeline Company, L.L.C.	Delaware
Cumberland Gas Pipeline Company	
Cumberland Operating Company	Delaware

Discovery Gas Transmission LLC	Delaware
Discovery Producer Services LLC	Delaware
Distributed Power Solutions L.L.C.	Delaware
Dogwood Ventures Company, LLC	Delaware
Eagle Gas Services, Inc.	Ohio
Energy International Corporation	Pennsylvania
Energy News Live, LLC	Delaware
Energy Tech, Inc.	Delaware
Erie & Hudson Development Company	Ohio
ESPAGAS USA, Inc.	Delaware
ESPAGAS, S.A. de C.V.	Mexico
F T & T, Inc.	Delaware
Fishhawk Ranch, Inc.	Florida
FleetOne Inc.	Delaware
FPT Marketing Company Limited	Bermuda
Free Port Terminal Company Limited	Bermuda
Fulton Energy Center, LLC	Delaware
Garrison, L.L.C.	Delaware
Gas Supply, L.L.C.	Delaware
Georgia Strait Crossing Pipeline LP	Utah
Goebel Gathering Company, L.L.C.	Delaware
GSX Operating Company, LLC	Delaware
GSX Pipeline, LLC	Delaware
GSX Western Pipeline Company	Delaware
Gulf Liquids Holdings LLC	Delaware
Gulf Liquids New River Project LLC	Delaware
Gulf Stream Natural Gas System, L.L.C.	Delaware
Gulfstream Management & Operating Services, L.L.C.	Delaware
Halgas, Inc.	Oklahoma
Hazleton Fuel Management Company	Delaware
Hazleton Pipeline Company	Delaware
HI-BOL Pipeline Company	Delaware
Independence Operating Company	Delaware
Inland Ports, Inc.	Tennessee
Juarez Pipeline Company	Delaware
Kern River Acquisition, LLC	Delaware
Kern River Funding Corporation	Delaware
Kern River Gas Transmission Company	Texas
Kiowa Gas Storage, L.L.C.	Delaware

Langside Limited	Bermuda
Laughton, L.L.C.	Delaware
Liberty Operating Company	Delaware
Lightel S. A. Tecnologia da Informacao	
Littlefield Energy, LLC	Delaware
Longhorn Enterprises of Texas, Inc.	Delaware
Longhorn Partners GP, L.L.C.	Delaware
Longhorn Partners Pipeline, L.P.	Delaware
Magnolia Methane Corp.	Delaware
MAPCO Alaska Inc.	Alaska
MAPCO Canada Energy Inc.	Canada
MAPCO Energy Services, L.L.C.	Delaware
MAPCO Impressions Inc.	Oklahoma
MAPCO Inc. (DE)	Delaware
MAPCO Indonesia Inc.	Delaware
MAPL Investments, Inc.	Delaware
Marsh Resources, Inc.	Delaware
MCNIC Black Marlin Offshore Company	Michigan
Memphis Generation, L.L.C.	Delaware
MESBIC Ventures Holding Company	
Mid-America Pipeline Company	Delaware
Millennium Energy Fund, L.L.C.	Delaware
Moriche Bank Ltd.	Barbados
Nebraska Energy, L.L.C.	Kansas
NESP Supply Corp.	Delaware
North Padre Island Spindown, Inc.	Delaware
Northern Border Intermediate Limited Partnership	Delaware
Northern Border Partners, L.P.	
Northwest Alaskan Pipeline Company	Delaware
Northwest Argentina Corporation	Utah
Northwest Border Pipeline Company	Delaware
Northwest Land Company	Delaware
Northwest Pipeline Corporation	Delaware
NWP Enterprises, Inc.	Delaware
NWP Enterprises, LLC	Delaware
P.T. MAPCO Coal Indonesia	
Pan-Alberta Resources Inc.	Canada
Parkco, L.L.C.	Oklahoma
Piceance Production Holdings LLC	Delaware
Pine Needle LNG Company, LLC	North Carolina

Pine Needle Operating Company	Delaware
Piper Power Company, LLC	Delaware
Plains Petroleum Gathering Company	Delaware
Rainbow Resources, Inc.	Colorado
Realco of Crown Center, Inc.	Delaware
Realco of San Antonio, Inc.	Delaware
Realco Realty Corp.	Delaware
Reserveco Inc.	Delaware
Rio Grande Pipeline Company	Texas
Rio Vista Energy Marketing Company, L.L.C.	Delaware
Rulison Production Company LLC	Delaware
Seminole Pipeline Company	Delaware
Servicios de ESPAGAS. S.A. de C.V.	Mexico
Servicios de TouchStar de Mexico S.A. de C.V.	Mexico
Snow Goose Associates, L.L.C.	Delaware
Sociedad Williams Enbridge y Compania	Venezuela
Solutions EMT, Inc.	
SPV, L.L.C.	Oklahoma
Tennessee Processing Company	Delaware
Terrebonne Pipeline Company	Delaware
Texas Gas Transmission Corporation	Delaware
TGPL Enterprises, Inc.	Delaware
TGPL Enterprises, LLC	Delaware
TGT Enterprises, Inc.	Delaware
TGT Enterprises, LLC	Delaware
The Asian Infrastructure Fund	Cayman Islands
The Tennessee Coal Company	Delaware
The Williams Companies Foundation, Inc.	Oklahoma
Thermogas Energy, LLC	Delaware
TM Cogeneration Company	Delaware
TouchStar de Mexico S.A. de C.V.	Mexico
Touchstar Energy Technologies, Inc.	Texas
TouchStar Technologies, L.L.C.	Delaware
TouchSystems (Pty) Ltd.	South Africa
TransCardinal Company	Delaware
TransCarolina LNG Company	Delaware
Transco Coal Gas Company	Delaware
Transco Cross Bay Company	Delaware
Transco Energy Company	Delaware
Transco Energy Investment Company	Delaware
Transco Energy Marketing Company	Delaware

Transco Exploration Company	Delaware
Transco Gas Company	Delaware
Transco Independence Pipeline Company	Delaware
Transco Liberty Pipeline Company	Delaware
Transco P-S Company	Delaware
Transco Resources, Inc.	Delaware
Transco Terminal Company	Delaware
Transco Tower Realty, Inc.	Delaware
Transcontinental Gas Pipe Line Corporation	Delaware
TransCumberland Pipeline Company	Delaware
Transeastern Gas Pipeline Company, Inc.	Delaware
TransNetwork Holding Company	Delaware
Transportadora de Gas Zapata, S. de R.L. de C.V.	Mexico
Tri-States NGL Pipeline, L.L.C.	Delaware
Tulsa Williams Company	Delaware
TXG Gas Marketing Company	Delaware
Valley View Coal, Inc.	Tennessee
Volunteer - Williams, L.L.C.	Delaware
WBI Offshore Pipeline, Inc.	Delaware
Webb/Duval Gatherers	
WEM&T Trading GmbH	Austria
West Texas LPG Pipeline Limited Partnership	Texas
Western Frontier Pipeline Company, L.L.C.	Delaware
WFS - Liquids Company	Delaware
WFS - NGL Pipeline Company, Inc.	Delaware
WFS - OCS Gathering Co.	Delaware
WFS - Offshore Gathering Company	Delaware
WFS - Pipeline Company	Delaware
WFS Enterprises, Inc.	Delaware
WFS Gathering Company, L.L.C.	Delaware
WGP Enterprises, Inc.	Delaware
WGP Gulfstream Pipeline Company, L.L.C.	Delaware
WGP International Canada, Inc.	New Brunswick
WHBC Holdings, LLC	Delaware
WHBC, LLC	Delaware
WHD Enterprises, Inc.	Delaware
WHD Enterprises, LLC	Delaware
WilJet, L.L.C.	Arizona

WillBros Terminal Company	Delaware
Williams Acquisition (DE) LLC	Delaware
Williams Acquisition Holding Company, Inc. (Del)	Delaware
Williams Acquisition Holding Company, Inc. (NJ)	New Jersey
Williams Aircraft Leasing, LLC	Delaware
Williams Aircraft, Inc.	Delaware
Williams Alaska Air Cargo Properties, L.L.C.	Alaska
Williams Alaska Petroleum, Inc.	Alaska
Williams Alaska Pipeline Company, L.L.C.	Delaware
Williams Alliance Canada Marketing, Inc.	New Brunswick
Williams Ammonia Pipeline, L.P.	Delaware
Williams Bio-Energy, LLC	Delaware
Williams Cove Point LNG Company, L.L.C.	Delaware
Williams Cove Point, Inc.	Delaware
Williams Customer Information Solution, Inc.	Delaware
Williams Distributed Power Services, Inc.	Delaware
Williams EnergIa Espana, S.L.	Spain
Williams Energia Italia SRL	Italy
Williams Energias Espana SL	Spain
Williams Energy (Canada), Inc.	New Brunswick
Williams Energy (Canada) Pipeline, Inc.	New Brunswick
Williams Energy Company	Delaware
Williams Energy European Services Ltd.	United Kingdom
Williams Energy Management, Inc.	Delaware
Williams Energy Marketing & Trading Canada, Inc.	New Brunswick
Williams Energy Marketing & Trading Company	Delaware
Williams Energy Marketing & Trading Europe Ltd	England
Williams Energy Marketing & Trading Holdings UK Ltd.	United Kingdom
Williams Energy Network, Inc.	Delaware
Williams Energy Partners L.P.	Delaware
Williams Energy Services, LLC	Delaware
Williams Energy, L.L.C.	Delaware
Williams Environmental Services Company	Delaware
Williams Equities, Inc.	Delaware
Williams Ethanol Services, Inc.	Delaware
Williams Exploration Company	Delaware
Williams Express, Inc. (AK)	Alaska
Williams Express, Inc. (DE)	Delaware
Williams Fertilizer, Inc.	Delaware

Williams Field Services - Gulf Coast Company, L.P.	Delaware
Williams Field Services - Matagorda Offshore Company, LLC	Delaware
Williams Field Services Company	Delaware
Williams Field Services Group, Inc	Delaware
Williams Flexible Generation, LLC	Delaware
Williams Fractionation Holdings, L.P.	Delaware
Williams Gas Company	Delaware
Williams Gas Energy, Inc.	Delaware
Williams Gas Pipeline - Alliance Canada, Inc.	Alberta
Williams Gas Pipeline - Alliance U.S., Inc.	Delaware
Williams Gas Pipeline Company, LLC	Delaware
Williams Gas Pipeline Mexico, S.A. de C.V.	Mexico
Williams Gas Pipelines Central, Inc.	Delaware
Williams Gas Processing - Gulf Coast Company, L.P.	Delaware
Williams Gas Processing - Kansas Hugoton Company	Delaware
Williams Gas Processing - Mid-Continent Region Company	Delaware
Williams Gas Processing - Wamsutter Company	Delaware
Williams Gas Processing Company	Delaware
Williams Gas Projects Company, L.L.C.	Delaware
Williams Gathering & Transportation, L.L.C.	Oklahoma
Williams Generation Company - Hazleton	Delaware
Williams Global Energy (Cayman) Limited	Cayman Islands
Williams Global Holdings Company	Delaware
Williams GmbH	
Williams GP Inc.	Delaware
Williams GP LLC	Delaware
Williams GSR, L.L.C.	Delaware
Williams GSX (Canada) Inc.	New Brunswick
Williams Gulf Coast Gathering Company, LLC	Delaware
Williams Headquarters Acquisition Company	Delaware
Williams Headquarters Building Company	Delaware
Williams Headquarters Building, L.L.C.	Delaware
Williams Headquarters Management Company	Delaware
Williams Holdings GmbH	Austria
Williams Hugoton Compression Services, Inc.	Delaware
Williams Independence Marketing Company	Delaware
Williams Indonesia, L.L.C.	Delaware
Williams Information Services Corporation	Delaware
Williams Intercontinental Holdings Company	Delaware

Williams International (Bermuda) Limited	Bermuda
Williams International (Operations) Ecuador Limited	Cayman Islands
Williams International Communications, Inc.	Delaware
Williams International Company	Delaware
Williams International Cusiana-Cupiagua Limited	Cayman Islands
Williams International Ecuador (Cayman) Limited	Cayman Islands
Williams International Ecuadorian Ventures Bermuda Limited	Bermuda
Williams International El Furrial Limited	Cayman Islands
Williams International Guara Limited	Cayman Islands
Williams International Holdings Limited	Cayman Islands
Williams International Investment Ventures (Cayman) Limited	Cayman Islands
Williams International Investments (Cayman) Limited	Cayman Islands
Williams International Jose Limited	Cayman Islands
Williams International Oil & Gas (Venezuela) Limited	Cayman Islands
Williams International Operations (Venezuela) Limited	Cayman Islands
Williams International Pigap Limited	Cayman Islands
Williams International Pipeline Company	Delaware
Williams International Services Company	Nevada
Williams International Telecom Limited	Delaware
Williams International Telecommunications Investments (Cayman) Limited	Cayman Islands
Williams International Venezuela Limited	Cayman Islands
Williams International Ventures (Bermuda) Ltd.	Bermuda
Williams Learning Center, Inc.	Delaware
Williams Lietuva	
Williams Lynxs Alaska CargoPort, L.L.C.	Alaska
Williams Memphis Terminal, Inc.	Delaware
Williams Merchant Services Company, Inc.	Delaware
Williams Mid-South Pipelines, LLC	Delaware
Williams Midstream Natural Gas Liquids, Inc.	Delaware
Williams Mobile Bay Producer Services, L.L.C.	Delaware
Williams Natural Gas Liquids Canada, Inc.	Alberta
Williams Natural Gas Liquids, Inc.	Delaware
Williams Natural Gas Storage, LLC	Delaware
Williams NGL, LLC	Delaware
Williams Northern NGL Pipeline, L.L.C.	Delaware
Williams Oil Gathering, L.L.C.	Delaware
Williams Olefins Feedstock Pipelines, L.L.C.	Delaware
Williams Olefins, L.L.C.	Delaware
Williams OLP, L.P.	Delaware

Williams One-Call Services, Inc.	Delaware
Williams Petroleo Espana SL	Spain
Williams Petroleum Pipeline Systems, Inc.	Delaware
Williams Pipe Line Company, LLC	Delaware
Williams Pipeline Services Company	Delaware
Williams Pipelines Holdings, L.P.	Delaware
Williams Production - Gulf Coast Company, L.P.	Delaware
Williams Production Company, LLC	Delaware
Williams Production Mid-Continent Company	Oklahoma
Williams Production RMT Company	Delaware
Williams Production Rocky Mountain Company	Delaware
Williams Refining & Marketing, L.L.C.	Delaware
Williams Relocation Management, Inc.	Delaware
Williams Resource Center, L.L.C.	Delaware
Williams Risk Holdings, L.L.C.	Delaware
Williams Risk Management L.L.C.	Delaware
Williams Sodium Products Company	Delaware
Williams Strategic Sourcing Company	Delaware
Williams Strategic Ventures, LLC	Delaware
Williams Terminals Company	Delaware
Williams Terminals Holdings, L.P.	Delaware
Williams Trading (UK) Ltd.	United Kingdom
Williams TravelCenters, Inc.	Delaware
Williams Underground Gas Storage Company	Delaware
Williams Western Holding Company, Inc.	Delaware
Williams Western Pipeline Company, LLC	Delaware
Williams Wireless, Inc.	Delaware
Williams WPC - I, Inc.	Delaware
Williams WPC - II, Inc.	Delaware
Williams WPC International Company	Delaware
WilMart, Inc.	Delaware
WILPRISE Pipeline Company, L.L.C.	Delaware
WilPro Energy Services (El Furrial) Limited	Cayman Islands
WilPro Energy Services (Pigap II) Limited	Cayman Islands
Wlliams Energy Canada Pipeline, Inc.	New Brunswick
Worldwide Services Limited	Cayman Islands
Worthington Generation, L.L.C.	Delaware
WPX Enterprises, Inc.	Delaware
WPX Gas Resources Company	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following registration statements on Form S-3 and Form S-4, and related prospectuses and in the following registration statements on Form S-8 of The Williams Companies, Inc. of our report dated March 6, 2002, with respect to the consolidated financial statements and schedule of The Williams Companies, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2001:

Form S-3: Registration No. 333-20929; Registration No. 333-35097;
Registration No. 333-29185; Registration No. 333-24683;
Registration No. 333-66141; Registration No. 333-20927;
Registration No. 333-39800; Registration No. 333-63724;
Registration No. 333-70394; Registration No. 333-73326;
Registration No. 333-35101; Registration No. 333-27311;
Registration No. 333-27359; Registration No. 333-53511;
Registration No. 333-35099

Form S-4: Registration No. 333-57416; Registration No. 333-63202

Form S-8: Registration No. 33-36770; Registration No. 33-44381;
Registration No. 33-58971; Registration No. 33-45550;
Registration No. 33-40979; Registration No. 33-51551;
Registration No. 33-43999; Registration No. 33-51539;
Registration No. 33-51543; Registration No. 33-58969;
Registration No. 33-51549; Registration No. 33-51547;
Registration No. 33-51545; Registration No. 33-56521;
Registration No. 33-58671; Registration No. 333-03957;
Registration No. 333-11151; Registration No. 333-40721;
Registration No. 333-33735; Registration No. 333-30095;
Registration No. 333-48945; Registration No. 333-61597;
Registration No. 333-90265; Registration No. 333-76929;
Registration No. 333-51994; Registration No. 333-66474

ERNST & YOUNG LLP

Tulsa, Oklahoma
March 6, 2002

EXHIBIT 24

THE WILLIAMS COMPANIES, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of THE WILLIAMS COMPANIES, INC., a Delaware corporation ("Williams"), does hereby constitute and appoint WILLIAM G. VON GLAHN and SUZANNE H. COSTIN their true and lawful attorneys and each of them (with full power to act without the others) their true and lawful attorneys for them and in their name and in their capacity as a director or officer, or both, of Williams, as hereinafter set forth below their signature, to sign Williams' Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2001, and any and all amendments thereto or all instruments necessary or incidental in connection therewith; and

THAT the undersigned Williams does hereby constitute and appoint WILLIAM G. VON GLAHN and SUZANNE H. COSTIN its true and lawful attorneys and each of them (with full power to act without the others) its true and lawful attorney for it and in its name and on its behalf to sign said Form 10-K and any and all amendments thereto and any and all instruments necessary or incidental in connection therewith.

Each of said attorneys shall have full power of substitution and resubstitution, and said attorneys or any of them or any substitute appointed by any of them hereunder shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully to all intents and purposes as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys or any of them or of any such substitute pursuant hereto.

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 20th day of January, 2002.

/s/ Steven J. Malcolm
Steven J. Malcolm
President and Chief
Officer (Principal Executive Officer)

/s/ Jack D. McCarthy
Jack D. McCarthy
Executive Senior Vice President
(Principal Financial Officer)

/s/ Gary R. Belitz
Gary R. Belitz
Controller
(Principal Accounting Officer)

/s/ Keith E. Bailey
Keith E. Bailey
Chairman of the Board

/s/ Hugh M. Chapman
Hugh M. Chapman
Director

/s/ Glenn A. Cox
Glenn A. Cox
Director

/s/ Thomas H. Cruikshank
Thomas H. Cruikshank
Director

/s/ William E. Green
William E. Green
Director

/s/ Ira D. Hall
Ira D. Hall
Director

/s/ W. R. Howell
W.R. Howell
Director

/s/ James C. Lewis
James C. Lewis
Director

/s/ Charles M. Lillis
Charles M. Lillis
Director

/s/ George A. Lorch
George A. Lorch
Director

/s/ Frank T. MacInnis
Frank T. MacInnis
Director

/s/ Steven J. Malcolm
Steven J. Malcolm
Director

/s/ Gordon R. Parker
Gordon R. Parker
Director

/s/ Janice D. Stoney
Janice D. Stoney
Director

/s/ Joseph H. Williams
Joseph H. Williams
Director

By /s/ William G. von Glahn
William G. von Glahn

ATTEST: Senior Vice President

/s/ Suzanne H. Costin

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Suzanne H. Costin
Secretary